

**COTTONWOOD HEIGHTS (A CITY), UTAH  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED JUNE 30, 2012**



Cottonwood Heights, Utah  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2012  
With  
Independent Auditor's Report

Prepared by

Cottonwood Heights Finance

Steve Fawcett, CGFM, Director of Finance  
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**COTTONWOOD HEIGHTS, UTAH  
COMPREHENSIVE ANNUAL FINACIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2012**

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# COTTONWOOD HEIGHTS INTRODUCTORY SECTION

December 18, 2012

To the Honorable Mayor,  
City Council and Citizens of Cottonwood Heights



## Overview

It is our great pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Cottonwood Heights (the City) for the year ended June 30, 2012.

Utah State law requires that all local governments publish, within six months of the close of each fiscal year, the complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Cottonwood Heights for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of Cottonwood Heights. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Cottonwood Heights has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of Cottonwood Heights' financial statements in conformity with generally accepted accounting principles. Since the cost of internal controls should not outweigh their benefits, Cottonwood Heights' framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects. Larson & Rosenberger LLP, a firm of certified public accountants, has audited Cottonwood Heights' financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Cottonwood Heights for the fiscal year ended June 30, 2012 are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that based upon the audit, there was a reasonable basis for rendering an unqualified opinion that Cottonwood Heights' financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

The Comprehensive Annual Financial Report is presented in four sections:

- 1. The Introductory Section**, which is unaudited, includes this letter of transmittal and the City's organization chart.

## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

**2. The Financial Section**, which includes the independent auditor's report of the financial statements, Management's Discussion and Analysis (MD&A), and the basic financial statements.

**3. The Statistical Section**, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

**4. The State Compliance Section**, which deals with internal control and State Fiscal Laws and findings.



Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### ***Profile of Cottonwood Heights***

State statutes detail the functions performed by municipalities. Cottonwood Heights is a political subdivision of the State of Utah, a municipal corporation and body politic with perpetual existence unless unincorporated. Cottonwood Heights was incorporated on January 14, 2005 out of the southeastern area of unincorporated Salt Lake County. As of the 2010 census the city has 33,433 residents and encompasses approximately 8.9 square miles of land area. According to population and Utah law, Cottonwood Heights is classified as a city of the third class.

Citizens voted to operate Cottonwood Heights from its inception under the "Council – Manager" form of government. Under this form of government the citizens elect a council member from each of four districts and a Mayor is elected at-large from the entire city. The Mayor and Council select a City Manager who acts as the Chief Executive Officer of the City. Policy-making and legislative authority are vested in the Mayor and Council, execution and administration of policies and ordinances is the responsibility of the City Manager. The Mayor and Council serve part time. The City Manager serves full time.

***Cottonwood Heights, "City between the canyons"*** -- The area incorporated on January 14, 2005 is known as Cottonwood Heights. According to the ***City General Plan*** the city has roots dating back to the first pioneer settlers in the valley.



*Near what is now Fort Union Blvd. and 2700 East early settlers established a community center with a church and a school. Among the earliest settlers of the area were six colorful brothers, the 'Butler Brothers', who were lumbermen – complete with wagons, teams, and sawmills.*

The Butler Bros (l to r): Alma, Alua, Leander, Neri, Phalander, and Eri



## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

*Different parts of the west end of the city were known by other names. One area near 1500 East 7200 South was known as Poverty Flats. The Southwest part of the 'current city' was known as Little Cottonwood, or Union.*

*The central area of Cottonwood Heights, known historically as Butlerville, is located on a large alluvial field, a remnant from ancient Lake Bonneville that filled the Salt Lake Valley centuries ago. It is located between the two most majestic features along the Wasatch Front – Big and Little Cottonwood Canyons. This sandbar rises hundreds of feet above the valley floor, and above the historic community of Union. On the north, the Cottonwood Heights area tapers gently to the valley floor allowing a gradual, nearly nondescript access from the lower to the higher ground.*

*Since water is always critical to the development of an area, the top flatland of the sandbar was too dry and desolate to attract settlers. And while the Little Cottonwood Creek was the closest, it was also the least available because of the high bluff. It was apparently this problem that earned this part of the area the name 'Poverty Flats'. Water had to be brought from the Big Cottonwood Creek down from the mouth of the canyon to enable farms and orchards to be established where residents now live. Early settlers established small farms producing hay, wheat, and a variety of vegetable crops. Yet, the area was most widely known for its fruit production, even to the marketing of the fruit out-of-state.*

*The Southwestern part of (the area) has historically been known as Little Cottonwood Creek Valley, Little Cottonwood, or Union. The earliest settlements in the area were located long the Little Cottonwood Creek, which lay well below the south and west bluff sides. It was along this creek that the old Union Fort was built in what is now the eastern edge of Midvale City, another stopping place for workers bringing granite from Little Cottonwood Canyon to Salt Lake City for building the L.D.S. Temple.*

*The names Butlerville, Poverty Flats, Little Cottonwood, and Union are still recognized by the residents of the city, but the areas are now joined and together make up the City of Cottonwood Heights, which incorporated in January, 2005.*

*The community grew steadily since the time of its settlement, but the primary growth has occurred in the past 50 years. High among the elements of Cottonwood Heights' historical heritage, coming down from the earliest settlers, is a strong binding camaraderie among neighbors – something that the community wished to preserve. The undaunted families of the original settlers of Butlerville and Union have gone on to produce an inordinate number of college graduates in law, business, medicine, engineering, and education.*

*The traditional agricultural economy of the area has almost entirely given way to neighborhood and business development as growth in the region has continued at a rapid pace. Cottonwood Heights has become well known as a corporate headquarters for the south part of the Salt Lake Valley offering three major office park developments.*

*Cottonwood Heights is in a highly unique location. It has ready access to medical facilities, fire, police and a vast variety of business establishments. Residents can easily access the freeway system and the major ski resorts and as a result are approximately 15 to 20 minutes away from major events and destinations anywhere in the valley. While at the same time, most residents*

## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

*enjoy beautiful views of the mountains to the East and /or overlooking the valley to the North, West, and South. As one resident stated, 'we have a wonderful location here'.*

*Today, retail uses have expanded, with a range of businesses from small ownership to regional scale shopping destinations. The communities in the nearby canyons are flourishing as recreation areas. The 'Greatest Snow on Earth' and some of the best winter sports facilities in the world; Alta, Snowbird, Brighton, and Solitude are located in the canyons, and the 2002 Winter Olympics have greatly increased the visibility and image of Utah's Wasatch Mountains and their associated summer and winter recreational opportunities. Picnic and camp areas abound, and are easily accessible to citizens of Cottonwood Heights and visited by citizens from around the valley and around the world. Accordingly, Cottonwood Heights is proud to be the 'City between the canyons'. (Cottonwood Heights General Plan)*

### ***Local economy***

Cottonwood Heights is a young city by many standards, having incorporated in 2005; however, the area has a long and industrious history dating back to the early pioneers in the late 1800s. Although many may think of Cottonwood Heights as an affluent 'bedroom community' of Salt Lake City, with businesses and economics limited to those that support commuters and houses, the city actually has the most high rise Class A office space (1,708,458 square feet of space-see table below) in the valley, second only to the capital city of Salt Lake City, which is considerably larger than Cottonwood Heights. Added together with other high rises and office buildings, the city has become one of the most sought after places for small and large business to reside. The corporate offices of Café Rio, Extra Space Storage, JetBlue Airways, Overstock.com and Fusion-IO to name a few are located in the city.

Cottonwood Heights has a notable amount of office space, of varying qualities and sizes. The majority of the office space is concentrated in three office parks in the city: Cottonwood Corporate, Old Mill Corporate Center and the Union Park office complex. These three areas house all of the city's Class A space and 72 percent of the total office space. The Class B and C office space is dispersed through the city along major transportation corridors including Fort Union Boulevard, 7000 South, Highland Drive and 1300 East.

	Class A	Class B	Class C
Total SF	1,708,458	497,065	90,958
% of Total SF	74.4%	21.6%	4.0%
Average Building SF	115,604	17,140	3,790
Number of Properties	14	29	24
Average Vacancy	20.4%	16.3%	2.9%
Average Lease(\$/SF)	\$22.39	\$19.89	\$13.98

## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

### ***Long-term planning***

Cottonwood Heights is a community that highly values its history as a well-maintained residential community. The preservation of quality of life is of utmost importance to residents and business owners. Cottonwood Heights views itself as a city where residents, tourists, businesses, and government come together to create an attractive, safe, and well-maintained community where people are proud to live, learn, work, and recreate.

Cottonwood Heights is largely built-out; therefore much of the future development options would have to occur within currently undeveloped areas along the eastern boundary of the city, or as infill within the existing fabric of the city. Despite the fact that the city is almost completely built-out, there are a number of opportunities for the city to develop its own image and see land uses transform over time. Possible options for the future of the city include:

#### Gravel Quarry Area

The privately-owned gravel quarry area along the northeastern city boundary is approximately 120 acres of undeveloped property that will account for over a million square feet of mixed use development. This area is a gateway to the city from Big Cottonwood Canyon and an area that many visitors would pass through on their way to and from world-class ski resorts in both Big and Little Cottonwood Canyons. The quarry operation still has a number of years of productivity left, however, once operation ceases, the site will be primed for master planning to ensure the right type of development occurs on the property. Potential businesses and land uses appropriate for this area include hotels, restaurants, clubs, coffee shops, art galleries, bookstores, and other retail business similar to those along Park City's Main Street.

#### Fort Union Boulevard Corridor

The Fort Union Boulevard corridor has been identified as a future alignment for a Utah Transit Authority enhanced transit options. The Fort Union Boulevard corridor, particularly the south side of the street, has tremendous potential to transform into a vibrant main street over time. Issues associated with developing this area into a more "main street" type area include large building setbacks; multiple curb cuts and access points; limited pedestrian and bicycle right-of-ways; large power line towers; and inconsistent building, street, lighting, and signage designs.

### ***Major Initiative***

Cottonwood Heights maintains a police vehicle replacement policy on a two year replacement cycle based on a successful lease/dealer buy-back program. The City enters into a two year lease structured with approximately one-quarter of the total purchase price paid as a down payment, one quarter paid on the subsequent fiscal year, and the final one-half of the total made as a balloon payment, which is made possible by the dealer repurchasing or buying-back the vehicles, as per a written contract with the dealer entered into at the time the lease agreement is entered into with the financial institution.

### ***Services***

As a local general purpose government, Cottonwood Heights provides a full range of municipal services including police and fire protection, construction and maintenance of streets and other infrastructure, planning and zoning, community and economic development, recreational and cultural activities; justice court, and animal services.

## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

In addition to the services provided directly by City taxes and fees: **General Government** (Legislative, City Management, Finance, Treasurer, City Recorder, Business Licensing), **Public Safety** (Police and Ordinance Enforcement), **Highways and Public Improvements** (Public Works), **Community and Economic Development** (Planning and Zoning, Economic Development). Cottonwood Heights contracts for additional services with several other taxing entities within the Salt Lake County area to provide certain services to our residents and businesses. They are:

- **The Cottonwood Heights Parks and Recreation Service Area**, is a Special Service Area, created in June, 1967, and legally separate and distinct from the City. They operate a recreation center, recreation programs, and several parks within the city, including such amenities as swimming pools, an ice skating rink, a skate park, baseball diamonds, tennis courts, soccer fields, playgrounds, trails and social gathering places.

The City contracts with the Service Area to provide parks and landscape maintenance for three City owned parks and sixteen other roadway islands, trails, trailheads and walkways, monument signs, planters, and other small city owned properties. We also partner with them to conduct many City sponsored events, such as the Butlerville Days summer celebration.

- **The Salt Lake County Public Works Department** is a department within Salt Lake County government. They provide many of the public works operations for the City, under the watchful eye of our own Public Works Director.

The City contracts with Salt Lake County Public Works to provide, through our general services contract, general street maintenance, storm drain maintenance, snow plowing and removal, traffic analysis, roadway sign maintenance, road striping, school zone flashers, street light maintenance, traffic signal maintenance, weed control, emergency barricade placement, and other small projects as requested. They also provide, through our pavement maintenance contract, major street crack sealing, slurry sealing, chip sealing, overlay, etc.

- **The Unified Fire Authority (UFA)** is a separate political subdivision of the State of Utah, directed by an eleven member board, made up of elected officials from Salt Lake County, and various cities within the Authority. They provide fire-fighting and rescue services, emergency medical services as well as wild land fire-fighting and prevention, hazmat, heavy rescue, bomb/arson, and USAR (Utah Task Force One) services throughout the county. These services are provided through contracts with the Authority, or as a member city of the authority.

The City contracts with the UFA to provide firefighting and rescue and emergency medical services out of stations 110 (1790 E Ft Union Blvd) and 116 (8303 S Wasatch Blvd). The City contracts to staff station 110 with a crew of five firefighters 24 hours a day 7 days a

## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

week and a crew of four firefighters at station 116. They also provide many other services they offer as the need arises.

- **The Salt Lake City Public Utilities Department** is a department within Salt Lake City, and provides water treatment and distribution services in our area.

The City contracts with Salt Lake City Public Utilities to provide repair and maintenance services on fire hydrants located in the city. Within Cottonwood Heights fire hydrants are owned by the City and not the Unified Fire Authority or Salt Lake City Public Utilities.

- **The City of Holladay**, our neighbors to the north, operates a Justice Court.

The City contracts with Holladay to provide traffic and misdemeanor justice court services, prosecutorial services, and indigent defense services required by law, as well a small claims court. Justice courts in Utah are not considered courts of record, so as is necessary, the State district court system will also provide services on behalf of the City.

Additionally, Cottonwood Heights contracts with private professional entities to provide certain services to our residents and businesses.

- The City contracts with the law firm of **Callister, Nebeker, & McCullough** for legal services.

W. Shane Topham, attorney from the firm, functions as the City's sworn attorney.

- The City contracts with the engineering firm of **Gilson Engineering, Inc.** for engineering services in connection with building and other real property development and public works.

Brad Gilson, PE, Vice-President of Gilson Engineering, Inc. functions as the City's engineer. Specifically, the scope of services includes development review, bond calculations and inspection, site inspection, geology, administrative services (correspondence and record keeping for excavating permits, bonding, bond administration, site inspection dispatch, issuance of road cut permits, and other miscellaneous city activities as assigned by the City), transportation, roadway planning and design, drainage planning and design, storm water quality management, and emergencies (cooperate with city's efforts to issue emergency permits on an expedited basis occasioned by disasters such as earthquakes and fires), barricade, material testing, surveying, addressing, reporting, advice and consultation, public meetings, and issues affecting the City's Big Cottonwood Trail.

## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

- The City contracts with the engineering firm of **Sunrise Engineering, Inc.** for building services in connection with building and other real property development.

Jody Hilton, Director of Building and Safety, Sunrise Engineering, functions as the City's Building Official. Specifically, the scope of services includes plan examination, building inspection, building services coordination, issuance of compliance and stop work orders, fire, health department and local utilities coordination. They are a resource to the City and its boards and committees with respect to building services, public meetings, and miscellaneous building services. They are requested to review business license applications for verification that the use is appropriate to the type and construction of the building in which the business is to be located, inspection or investigate reports of unsafe structures believed to be dangerous or a nuisance, help with emergencies (cooperate with city's efforts to issue emergency permits on an expedited basis occasioned by disasters such as earthquakes and fires), and conduct emergency safety inspections of key public facilities within 12 hours after any disaster or other emergency that may have compromised the structural integrity, safety or functionality of any public or other facility needed to provide public shelter, services, utilities or the like.

There are several services that are typically provided by cities that Cottonwood Heights does not provide. These services are provided directly to the citizens of Cottonwood Heights by other taxing authorities. They are:

- **Salt Lake City Public Utilities Department**, provides water treatment and distribution services in most areas of the city.
- **Cottonwood Improvement District** provides wastewater collection and treatment services to most areas of the city.
- **Jordan Valley Water Conservancy District** provides water distribution services to some areas of the city not served by Salt Lake City Public Utilities.
- **Salt Lake County Special Services District #1 (Sanitation)** provides refuse removal services to residents in all areas of the city.

### *Relevant financial policies*

The goal the City hopes to achieve through the implementation of these policies is to demonstrate to citizens and other interested parties that the City takes seriously the responsibility to carefully account for public funds, to wisely manage finances and to plan adequate funding of services desired by our citizens. The watchwords of our financial

## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

management include integrity, prudence, stewardship, planning, accountability, and full disclosure.

### Operating Budget Policies

- The budget for each governmental fund will be balanced, which means appropriations will not exceed estimated expendable revenue, exclusive of one-time expenditures or capital improvement transfers.
- The City will cover current expenditures with current revenues. The City will avoid budgetary procedures that cover current expenditures at the expense of meeting future years' expenditures.
- The budget will provide for adequate maintenance of capital facilities and for the orderly replacement of equipment.
- The City will maintain a checks and balances system of verifying budget balances prior to making spending commitments.
- The City will prepare monthly reports comparing actual revenues and expenditures to budgeted amounts.
- Where possible the City will integrate performance measurement and productivity indicators within the budget.

### Capital Projects Budget Policies

- The City will develop and administer a five year plan for capital projects and informally update it annually or track compliance to plan annually.
- The City will enact an annual capital budget calculated to meet the multi-year Capital Improvement Plan.
- The City will coordinate development of the capital project budget with the operating budget. Future operating costs associated with new capital projects will be projected and included in operating budgets.
- The City will prioritize maintenance of all assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
- The estimated cost and potential funding sources for each capital project proposal will be identified before it is submitted to the Mayor and City Council for approval.
- The City will identify the least costly financing method for all new capital projects.

### Debt Management Policies

- The City will confine long-term borrowing to capital projects and purchases of equipment.
- When the City finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the asset acquired.
- The City will not use long-term debt for current operations.
- The City will meet all debt service obligations when due.
- The City will retire any tax and revenue anticipation debt annually.

## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

### Revenue Estimation Policies

- The City budget official will estimate annual revenues by an objective, analytical process.
- The City will not include revenue in the budget that cannot be verified with documentation of its source and amount.

### Fund Balance Policy

- In order to maintain and protect the long term financial capacity of the City, total fund balance in the General Fund will be maintained to achieve a balance of 6 percent of total General Fund expenditures.

### Accounting, Auditing, and Financial Reporting Policies

- The accounting system will report financial information on a basis consistent with Generally Accepted Accounting Principles.
- Regular monthly and annual financial reports will present a summary of financial activity to the City Council and citizens.
- The City will contract with an independent certified public accounting firm to perform an annual audit; and will publicly issue their opinion on the City's financial statements, after preliminary presentation to the City Audit Committee.

During the current year the City is in compliance with all of its financial policies.

### ***Awards and acknowledgments***

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to an entity for its Comprehensive Annual Financial Report (CAFR) for a fiscal year period. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement for Excellence in Financial Reporting requirement, and we are submitting it to the GFOA to determine its eligibility for the certificate. This is the first year that Cottonwood Heights has completed a CAFR and has submitted the application for the award.

For the sixth consecutive year, Cottonwood Heights received the *Distinguished Budget Presentation Award* from the Government Finance Officers Association and Steve Fawcett received the *Certificate of Recognition for Budget Preparation* for the second consecutive year. In order to receive this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.



## COTTONWOOD HEIGHTS INTRODUCTORY SECTION

The preparation of this report could not have been accomplished without the accounting and financial reporting expertise and dedicated service of David Muir, City Treasurer and Financial Reporting Manager of the Finance Department. We appreciate Larson & Rosenberger, LLC, Certified Public Accountants, for the assistance and guidance they have given us. We also thank the members of the City Council and the Mayor for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

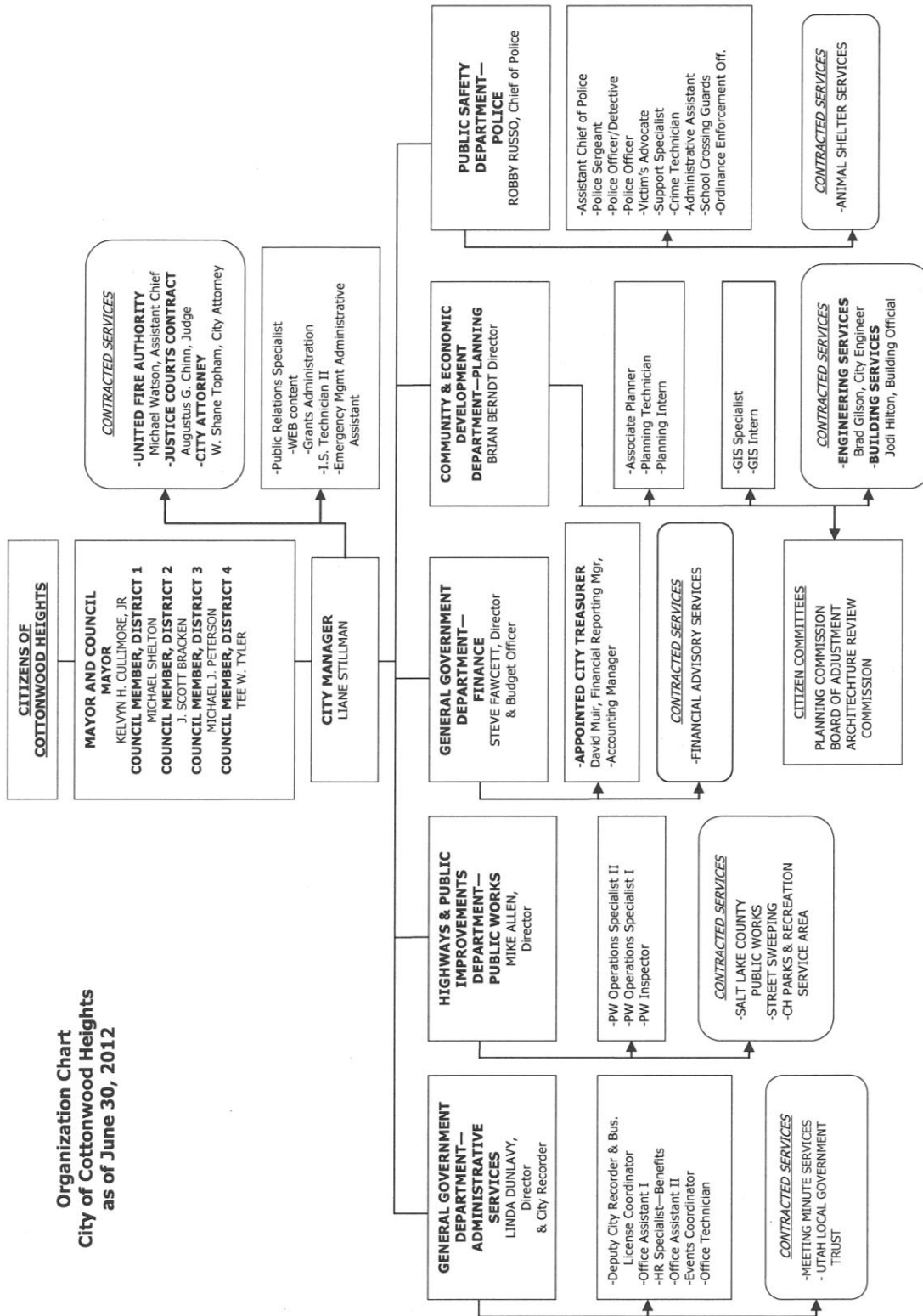


Steve Fawcett  
Finance Director



Liane Stillman  
CEO & City Manager

# COTTONWOOD HEIGHTS INTRODUCTORY SECTION



COTTONWOOD HEIGHTS  
INDEPENDENT AUDITOR'S REPORT



LARSON & ROSENBERGER LLP  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor  
Members of the City Council  
**Cottonwood Heights, Utah**

Mayor and Council Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cottonwood Heights (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cottonwood Heights, as of June 30, 2012, and the respective changes in financial position, where applicable, and the budgetary comparison for the general fund thereof for the period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

## COTTONWOOD HEIGHTS INDEPENDENT AUDITOR'S REPORT

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cottonwood Heights' financial statements as a whole. The introductory section, the supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory section, the supplementary information (Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund), and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Larson & Rosenberger, LLP  
December 18, 2012

**COTTONWOOD HEIGHTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

As management of Cottonwood Heights (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. It is also intended to assist the reader in focusing on significant financial issues. These include identifying changes in the City's financial position (its ability to address the next and subsequent year's challenges), identifying any material deviations from the approved budget, and identifying individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

**FINANCIAL HIGHLIGHTS**

- Total net assets of Cottonwood Heights decreased by \$1,657,704 to \$56,593,233. Although this is only a 2.9 percent decline, this represents only the third year since incorporation there has been a decline in total net assets. Total assets decreased by \$1,198,099, and liabilities increased by \$476,393 resulting in the net asset decrease of \$1,674,491. The primary cause of the decline in asset value is annual depreciation of \$3,394,274 (see Note 3D)
- Total net assets consist of:
  1. \$49,934,834 in capital assets, such as streets, bridges, land, buildings and other infrastructure, net of related debt,
  2. Unrestricted Fund Balance of \$6,492,449. "Unrestricted Funds" is a term that designates the amount of money available for the City Council to spend for future needs. The City Council has indicated their intent for assigning part of this Fund Balance for City Center/Park use.
  3. Restricted Funds of \$112,353 in Class "C" Road Funds,
  4. Nonspendable funds of \$53,596 that represents prepaid expenditures for the subsequent fiscal year.
- The City's only debt is a Capital Lease used to finance the public safety fleet. This financing also provides for a guaranteed buy-back of the fleet by the vendor every other year.
- The City's fund balances as shown on the balance sheet of Governmental Funds include \$2,746,426 of fund balance in the General Fund and \$3,911,972 in the Capital Projects Fund. Of those balances, \$2,580,477 of the General Fund and \$3,911,972 of the Capital Projects Fund are classified as unrestricted and may be appropriated for any future expenditure.
- The General Fund balance decreased by \$301,068, or 9.88 percent of the prior year's fund balance. This decrease was a required decrease in fund balance due to state law that limits the General Fund balance to 18 percent of budgeted revenues. The Capital Projects Fund decreased by \$1,887,536 from last year due to planned activity of budgeted capital projects – primarily the construction of Mountview Park which utilized \$2,479,939 of the capital project funds.
- The City benefits from both Operating Grants and Capital Grants. As a total of the 2012 budget, grants accounted for 9.3 percent of the total expenditures. Operating grants are expected to continue from year to year, while capital grants are typically associated with one-time projects. Summary of grant revenues received by the City are summarized on the Statement of Activities (see page 35).

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**OPERATIONAL HIGHLIGHTS**

- Mountview Park, a crown jewel City owned Park, was completed. This project was a collaborative effort with Canyons School District who provided the City with an initial 20 year renewable lease of the land; the site of the old Mountview Elementary School. The City invested over \$2,500,000 developing the park without incurring any debt. The splash pad amenity was a particular success, drawing participants from all over Salt Lake County. The Pavilion has proven to be a popular gathering place, and was in such demand that the City Council had to limit the rental of it to city residents only.
- The City Police department in its fourth year continues to have a highly skilled and trained investigative division that has reported successfully clearing 90 percent of all aggravated felony crimes occurring within the city and as a department has a response time on priority one calls of less than four minutes.
- Through the addition of a new narcotics officer, the police department completed several high profile arrests and drug/cash seizures. Additionally, the police have again successfully participated in the Eliminating Alcohol Sales to Youth (EASY) underage anti-drinking program.
- The crime prevention team met with seventy-four Scout groups and thirteen neighborhood watch groups (300 residents) regarding crime prevention tips.
- The ordinance enforcement program successfully placed or returned 100 percent (138) of live animals impounded.
- A contract was signed with Salt Lake City Public Utilities for an annual maintenance plan of all city-owned fire hydrants, which should result in an annual savings of nearly \$25,000 from the previous pay as you go maintenance rates.
- In addition to numerous street and sidewalk improvement projects, the City completed 1,550,072 square feet of road improvement projects, including significant asphalt overlays on Fort Union Blvd, and minor overlay patching on Bengal Blvd, and 7200 South and other residential streets. Other streets received chip seals and slurry seal treatments. Additionally, the City addressed several traffic calming initiatives in traffic impacted neighborhoods. Further the City eliminated trip hazards, replaced concrete curbs, gutters and sidewalks with citizen participation, installed ADA ramps, and completed many cross gutter improvements.
- Partnered with Salt Lake City Public Utilities to pipe a section of canal running from Fort Union to 1450 East in order to eliminate possible flooding of homes in the area north of the canal.
- Completed energy efficient street lighting projects, partially funded with an energy efficiency block grant from the Federal Government on Park Centre Drive, Deer Creek Drive, and 1300 East.
- The City received a \$1.2 million grant from the State of Utah to make road improvements on Wasatch Blvd. and Union Park Avenue.
- The City has continued to promote successful community events enjoyed by residents of the city, including Butlerville Days, Easter Egg Hunt and various events in conjunction with the Cottonwood Heights Parks and Recreation Service Area Recreation Center.

COTTONWOOD HEIGHTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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- During this fiscal year, the City started preparation and expenditures of Cinderella; the community's third theatre production. Arts grant revenues and ticket sales will completely pay for production costs, thereby providing the arts council with funding for other arts events such as Write for the Heights, Winter Song Fest, and photography contest.
- The City has maintained its news journal publication presence in the Cottonwood/Holladay Journal to improve communications with the citizens of the city, along with development of other social media including Twitter & Facebook.
- The City created the first Community Development Area (CDA) in support of the redevelopment of the old Canyon Racquet Club property on the SW corner of Wasatch Blvd and Fort Union Blvd.
- The City completed its first Five Year IT Support and Development Plan.
- The City completed its first comprehensive employee compensation/classification study.
- The City completed a comprehensive Economic Development Plan.
- Ordinances –
  - Sensitive Lands Evaluation and Development Standards (SLEDS): This comprehensive ordinance included the various sections of the existing code that deal with geologic hazards, open space protection, and protection of those areas deemed sensitive because of drainage, topography, hillsides, etc. The ordinance was nearly completed but was put on hold due to a pending lawsuit.
  - Canyons Residential Development (CRD): This was a specialty ordinance created for use in the Tavaci Master Plan. This was submitted to the developer for zoning approval, but was later rejected so the developer could pursue disconnecting the property out of the city boundaries.
  - Group Homes: This ordinance was updated by the City Attorney. The update included new definitions, locational and occupancy requirements, and compliance criteria required for Fair Housing.
  - Development Bonding: The City modified how it does development bonds by changing current bonding practices. Because of their unpredictability, surety bonds were taken out of the ordinance.
  - Subdivision: Staff is in the process of updating the subdivision ordinance to be current with civil engineering standards including private roads and cul-de-sacs that meet the fire code.
- The City has completed and placed on the City's web site, an interactive GIS mapping library as well as an economic development page.
- Two public works employees became state certified storm water inspectors (RSI). Now all four employees are certified storm water inspectors. Also, one employee completed the American Concrete Institute (ACI) concrete testing certification.
- The City continues to enhance its ability to respond to natural disasters. A newly revised Emergency Operations Plan was completed. Additionally, five management level employees, the Mayor and former council member Gordon Thomas successfully completed one or more FEMA NIMS ICS 100, 200, or 700 training and received certification. The City also purchased water tenders (movable portable toilet units).

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- Recipient for six consecutive years of the Government Finance Officers Association for Distinguished Budget Presentation for each fiscal year ending June 30, 2007 through 2012.
- Linda Dunlavy, Director of Administrative Services was recognized by the Utah Municipal Clerks Association as the 2012 Recorder of the Year for the State of Utah. She was also recognized as the Best Public Sector Appointed Official in 2012 by the Best of State Award organization.
- International Footprinter Association recognized City police department officers Corbett Ford and Dan Bartlett as National Officers of the Year for their work on the Dr. Stack case.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Cottonwood Heights' basic financial statements which consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) supplementary information.

### **Government-wide financial statements (defined)**

*The government-wide financial statements* are designed to provide readers with a broad overview of Cottonwood Heights' finances, in a manner similar to a private-sector business.

- ***The statement of net assets*** presents information on all of Cottonwood Heights' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Cottonwood Heights is improving or deteriorating. However, the reader will also need to consider other non-financial factors.
- ***The statement of activities*** presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements distinguish functions of Cottonwood Heights that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). **Cottonwood Heights currently has no business-type activities.**

### **Fund financial statements (defined)**

*A statement of revenue, expenditures and changes in fund balance* by fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Cottonwood Heights also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of a city are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.



COTTONWOOD HEIGHTS  
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Cottonwood Heights currently has two major governmental funds (as determined by generally accepted accounting principles), the General Fund and the Capital Projects Fund. The City also has one proprietary fund, the Employee Benefit Fund (an internal service fund). ***Cottonwood Heights currently has no Fiduciary Funds.***

- ***Governmental funds*** – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for future appropriation. These funds are reported using a modified accrual accounting method, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- ***Proprietary funds*** – Cottonwood Heights maintains one proprietary fund, the Employee Benefit Fund (an internal service fund). This fund is an accounting device used to accumulate funding for and allocate costs for accrued paid time off (PTO) among the City's various functions. This fund provides the resources needed to pay out accrued vested PTO benefits without negatively impacting budgets in the year a payout occurs.

**Notes to the financial statements**

The notes provide additional information that is essential to an understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-60 of this report.

**CITY'S GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Cottonwood Heights was incorporated on January 14, 2005 and completed seven and one half fiscal years of activity on June 30, 2012. The last seven years are the only 12 month periods with which to compare the current financial position and results of activities.

The table below provides a comparison of the City's net asset position for each of the last seven years. As of June 30, 2012, assets exceed liabilities by \$56,593,233. This represents a decrease of \$1,657,705 in total net assets when compared to the City's net asset position on June 30, 2011.

Total assets decreased by \$1,198,099. This decrease reflects approximately \$1,480,408 lower current and other assets, combined with a \$282,309 net increase in capital assets. Total liabilities increased by \$459,607.

**COTTONWOOD HEIGHTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Cottonwood Heights  
Net Assets  
As of June 30<sup>th</sup>**

	Governmental Activities						
	2012	2011	2010	2009	2008	2007	2006
Current and other assets	9,252,872	10,733,280	10,894,775	11,515,031	12,125,491	11,592,480	7,925,989
Capital assets	50,663,924	50,381,615	45,496,093	46,658,405	45,776,089	45,037,315	45,516,630
Total assets	59,916,796	61,114,895	56,390,868	58,173,436	57,901,580	56,629,795	53,442,618
Long-term liabilities outstanding	978,426	1,208,919	857,600	977,413	46,769	2,280,164	2,410,976
Other liabilities	2,345,138	1,655,038	1,502,338	1,500,322	1,786,048	2,053,933	708,547
Total liabilities	3,323,564	2,863,957	2,359,938	2,477,735	1,832,817	4,334,097	3,119,523
Net assets:							
Invested in capital assets, net of related debt	49,934,834	49,425,939	44,831,195	45,831,420	45,776,089	45,027,267	45,496,011
Restricted	165,949	101,949	203,271	222,737	223,950	253,555	183,275
Unrestricted	6,492,450	8,723,050	8,996,464	9,641,544	10,068,724	7,014,876	4,643,809
Total net assets	56,593,233	58,250,938	54,030,930	55,695,701	56,068,763	52,295,698	50,323,095

The largest portion of Cottonwood Heights' net assets, \$49,934,834, reflects investment in capital assets (e.g., land, roads and infrastructure assets) net of related debt (if any). The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities. As of the date of this report, the City has only one capital lease for the purchase of police vehicles with a current principal amount due of \$729,090. Cottonwood Heights regularly deploys public safety vehicles with a two year lease, which includes a guaranteed buy back with the original dealership. Each two years there is an original down payment and one additional payment in one year. At the end of the two year lease purchase, the dealer re-purchases the vehicles for a previously agreed amount, usually clearing the remaining balance in full. Other than this capital vehicle lease purchase obligation, the City has no other long term debt.

In addition to the net capital assets mentioned above, the City has nonspendable, restricted and unrestricted assets. The City's nonspendable assets include prepaid expenditures (\$53,596) made in fiscal year 2012 for the benefit of fiscal year 2013. The restricted assets are related to unexpended Class C road funds totaling \$112,353 which must be expended as required by law in maintaining roads and sidewalk infrastructure. The remaining balance is unrestricted net assets totaling \$6,492,449 and may be used to meet the city's ongoing obligations and objectives by fund type. Sixty percent (\$3,911,972) of unrestricted assets is reflected in the fund balance of the Capital Projects Fund and is assigned for various projects. The remaining balance (\$2,580,480) of the unrestricted funds is in the General Fund with an assigned amount of \$871,757, equal to six percent of annual revenues, as a minimum reserve.

**COTTONWOOD HEIGHTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

The City's government-wide financial statements can be found on pages 34-35 of this report.

**Governmental activities analysis**

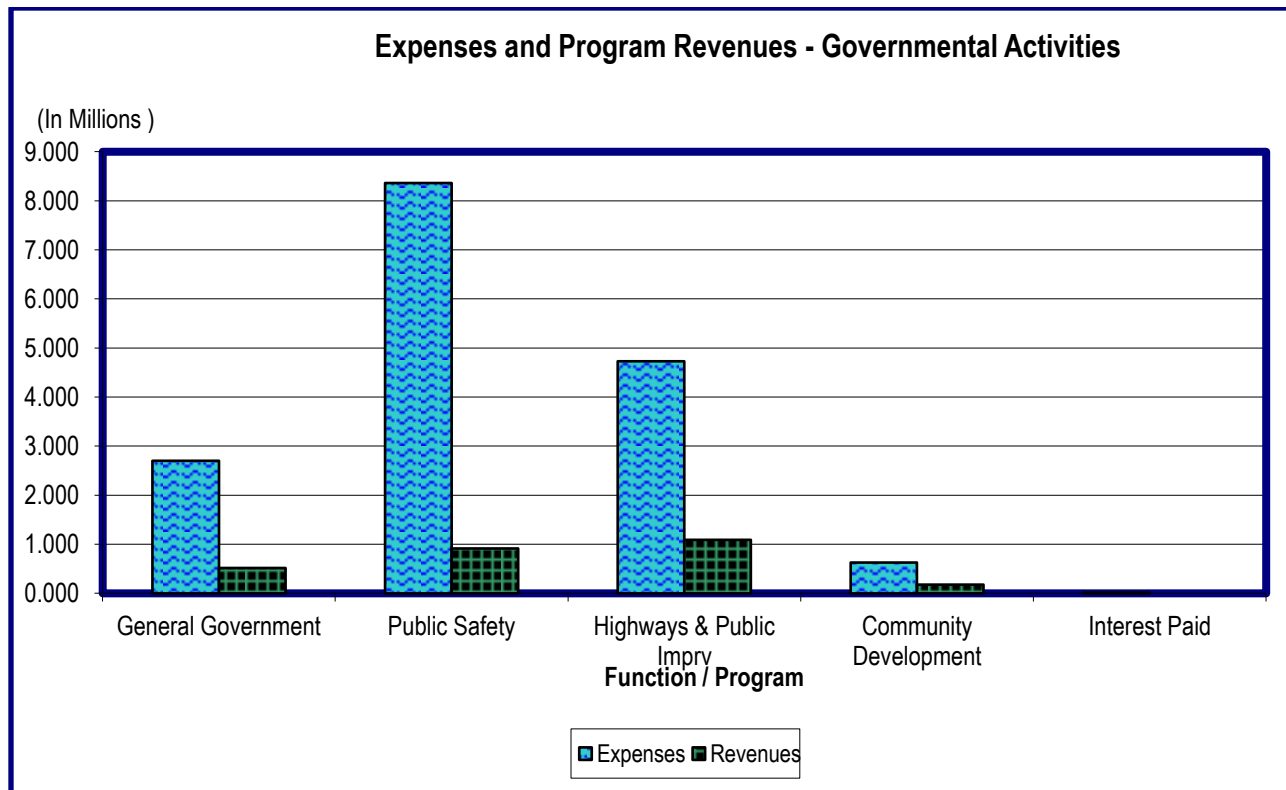
As reported above, governmental activities decreased the City's net assets by \$1,198,099 resulting in total net assets of \$56,593,233. The table below provides a yearly comparative analysis of revenues and summary departmental expenditures for all governmental activities and the net change in assets.

**Cottonwood Heights  
Changes in Net Assets**

	Governmental Activities						
	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	1,178,211	1,303,792	1,139,154	906,778	1,008,286	933,977	962,497
Operating grants/contrib	1,504,103	1,638,949	1,500,970	1,465,430	1,475,184	1,362,266	1,289,841
Capital grants/contrib	25,185	312,815	565,786	1,025,779	941,105	33,579	2,532,080
Total program revenues	2,707,499	3,255,556	3,205,911	3,397,987	3,424,575	2,329,822	4,784,418
<b>General revenues:</b>							
Property taxes	6,994,192	6,926,106	6,812,942	6,914,705	6,980,872	6,935,453	2,858,039
Other taxes	5,071,510	4,872,373	4,926,902	5,131,899	5,689,750	5,812,178	4,958,764
Unrestricted invest earn	53,935	46,773	59,298	187,488	515,432	456,134	233,637
Other - Intergov	-	4,481,899	-	-	1,500	6,248	500,000
Other - Sale of Assets	(91,970)	(41,942)	-	-	(736)	-	-
Other - Miscellaneous	41,145	(440,952)	29,816	53,944	4,589	7,503	405
Total general revenues	12,068,812	15,844,257	11,828,958	12,288,036	13,191,407	13,217,517	8,550,846
<b>Total revenues</b>	<b>14,776,311</b>	<b>19,099,813</b>	<b>15,034,869</b>	<b>15,686,023</b>	<b>16,615,982</b>	<b>15,547,339</b>	<b>13,335,264</b>
<b>Expenses:</b>							
General government	2,699,564	2,084,427	2,331,589	2,140,589	1,972,270	3,421,036	1,328,701
Public safety	8,360,970	7,685,600	8,073,608	8,015,001	6,780,298	6,339,016	5,730,383
Highways-public imprv	4,728,329	4,485,274	5,707,937	5,309,932	3,469,794	3,197,851	3,309,743
Comm & econ dev	626,956	602,502	524,665	566,802	620,300	616,335	821,760
Interest long-term debt	18,197	22,003	26,840	26,761	254	498	47,805
Intergovernmental Expenditure	-	-	35,000.00	-	-	-	-
<b>Total expenses</b>	<b>16,434,017</b>	<b>14,879,806</b>	<b>16,699,639</b>	<b>16,059,085</b>	<b>12,842,916</b>	<b>13,574,736</b>	<b>11,238,391</b>
Change in net assets	(1,657,706)	4,220,007	(1,664,770)	(373,062)	3,773,066	1,972,603	2,096,873
<b>Net assets - beginning</b>	<b>58,250,938</b>	<b>54,030,930</b>	<b>55,695,701</b>	<b>56,068,763</b>	<b>52,295,698</b>	<b>50,323,095</b>	<b>48,226,222</b>
<b>Net assets - ending</b>	<b>56,593,233</b>	<b>58,250,938</b>	<b>54,030,930</b>	<b>55,695,701</b>	<b>56,068,763</b>	<b>52,295,698</b>	<b>50,323,095</b>

The following is a graphic presentation of the City's program revenues and corresponding expenditures, including calculated annual depreciation on capital assets. (Note: See Statement of Activities on page 35 for detail data.)

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**General Government** – The General Government revenue is from charges for services (business licensing and permits & inspections). Expenditures are for general governmental operations and overhead.

**Public Safety** – Public Safety revenues include \$294,517 of E-911 Emergency telephone fees and \$552,220 City share of court fines (revenue from citations). Expenses are for Police, Fire, Animal Services and related public safety functions. (Note: Related Court expenditures are \$351,427, netting only \$200,270 in revenues, which is equal to only 4 percent of the Police budget.)

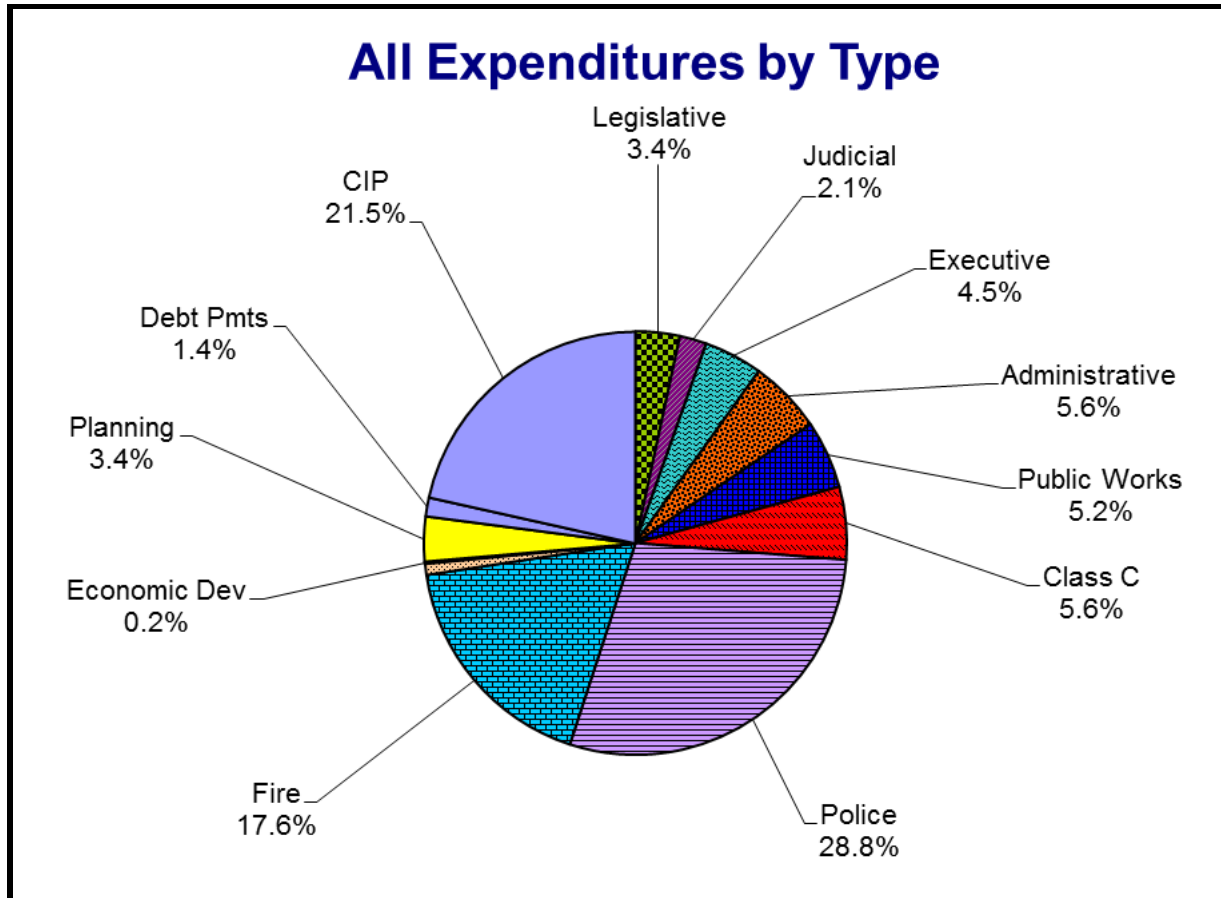
**Highway & Public Improvements** - Approximately 77.6 percent of the expenses shown for Highways & Public Improvements is attributable to current period depreciation of the City's infrastructure assets. The balance is for road, sidewalk, bridge and other infrastructure improvements. The revenue for Highway & Public Improvements is primarily from Class C Road Funds allocated to the City from the state assessed tax on gasoline sales.

**Community Development** – Revenues come from additional charges for services related to planning and zoning functions and expenditures are also directly related to these services.

**Interest Paid** - \$18,197 interest expense on capital leases was paid or accrued, but does not show on the graph due to scaling.

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The following pie chart further details Cottonwood Heights' expenditures at a more detailed activity level. This chart does not include annual depreciation on capital assets. (See Governmental Funds statement on page 38 for expenditures without depreciation.)



General Government department includes the activities of Legislative (\$575,563), Judicial (\$351,428), Executive (\$765,764) and Administrative (\$956,388).

Public Safety department includes the activities of Police (\$4,909,570), Fire (\$2,998,505) and Ordinance Enforcement (\$149,941).

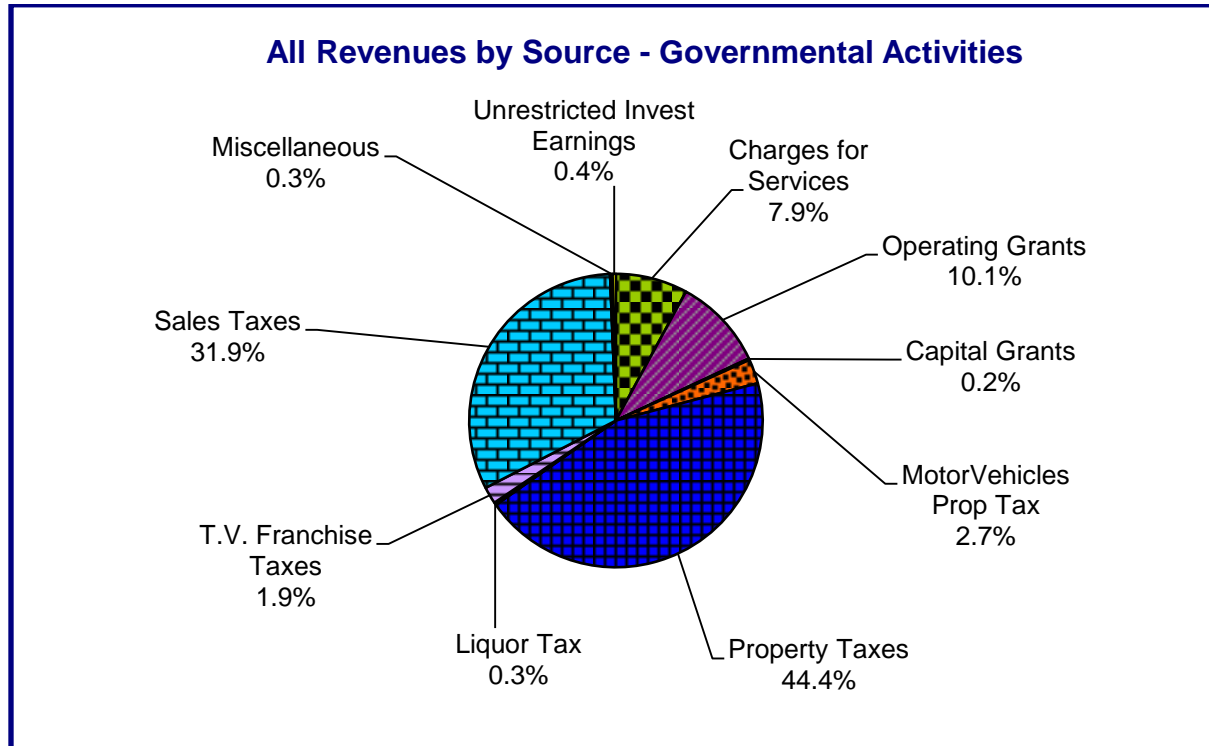
Highways and Public Improvements include the activities of Public Works (\$886,088) and Class C Roads (\$949,198).

Community and Economic Development includes the activities of Economic Development (\$29,350) and Planning (\$583,548).

Capital Projects Fund includes all Capital Improvement Projects (\$3,671,559).

COTTONWOOD HEIGHTS  
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As can be seen from this pie chart, the majority of funding for City programs does not come from program revenues, but is made up from allocated general revenues such as Property Tax and Sales Tax revenues. Below is a graphic of all revenue sources collected by the City during the fiscal 2012 year.



Current year revenue sources were from:

\$6,994,192	Property Tax (including motor vehicle fees) revenues (47.3%),
\$4,749,551	Sales and Transient Room Taxes (32.1%),
\$ 312,959	Other Taxes (Cable TV Franchise tax, Liquor tax) (2.2%),
\$1,504,103	Operational Grants (10.2%) (Class C road funds, E911 Emergency telephone fee and CDBG funds) (Note: These operational grants have remained relatively constant year to year and represent identifiable sources of revenue that are anticipated to continue to be available for the foreseeable future.
\$1,178,211	Charges for Service (Licenses, Permits and Court fines) (8.0%).
\$ 25,185	Capital Grants for trail & park improvements and additional Impact Fees (0.2%) These grants are specific and awarded based on merit of applications submitted. These grants are project specific and have little effect on the basic operational functions of the City.
\$ 53,935	Investment interest earnings and miscellaneous (0.4%)
\$ (91,970)	Loss on Sale (Adjustment) of Capitalized Assets (-0.6%) (Note: this includes the removal of work-in-process assets that have been determined not be City assets.)
\$ 41,145	Miscellaneous Revenues (0.3%)

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**CITY'S FUND FINANCIAL STATEMENTS ANALYSIS**

As noted earlier, Cottonwood Heights uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to track and control financial resources received and expended.

**Governmental Funds Analysis**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for appropriation at the end of the fiscal year.

Governmental fund balance is reported in three major categories resulting in five separate direct categories: Nonspendable, Restricted, Unrestricted (which can be shown as Committed, Assigned and Unassigned). Nonspendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include long-term notes receivable, inventory and prepaid expenditures. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted for debt service. Committed fund balance includes amounts that have been set aside by the City Council by formal action for a specific purpose prior to the end of the fiscal year being reported. Assigned fund balance includes amounts that have been set aside for intended use by designated officials, governmental body or City Council without formal action. Unassigned fund balance includes all remaining amounts.

At the end of this fiscal year, Cottonwood Heights' governmental funds reported combined ending fund balances of \$6,658,398 after seven and one half years of operation, a decrease of \$2,188,604 from the prior year. The decrease is primarily attributable to the expenditure of \$2,479,939 for the development of Mountview Park. Of the total balance, \$53,596 is nonspendable and represents prepaid expenditures for fiscal year 2013 events. \$112,353 is restricted Class C road funds. The remaining is unrestricted funds: \$3,911,972 is assigned as Capital Project funds and allocated to various specific projects, and \$871,757 is assigned as a minimum 6 percent fund balance reserve requirement set by the City Council. The remaining unrestricted balance of \$1,708,720 constitutes unassigned fund balance.

- The **General Fund** is the chief operating fund of the City. As of June 30, 2012 the General Fund had a fund balance of \$3,047,494 of which \$53,596 is nonspendable, \$112,353 is restricted, \$871,757 is assigned and \$1,708,720 was classified as unrestricted. A useful measure of liquidity is to compare the unrestricted fund balance and the total fund balance to expenditures (including operating transfers out) for the year. The unrestricted fund balance is 17.0 percent of total expenditures and transfers, while the total fund balance equals 18.2 percent. The City ordinance chapter 2.150.11 as adopted by the City Council requires a desired target minimum fund balance of 6.0 percent and a maximum adjusted fund balance of 18.0 percent (as a percentage of subsequent year budgeted revenues). State law requires a 5 percent minimum balance for

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restricted use as required by state statute. State law also requires appropriation of any fund balance in excess of the 18.0 percent maximum allowed. Currently, the calculated 6.0 percent minimum fund balance is \$871,757 (assigned, but unrestricted). The current remaining unrestricted balance of \$1,708,720 meets the State requirement of a maximum fund balance no greater than 18 percent.

- The other governmental fund is the **Capital Projects Fund**. This fund is specifically used to budget capital improvements. As of June 30, 2012, the fund had an unrestricted fund balance of \$3,911,972. This was a decrease of \$1,887,535.75 from the prior year-end and reflects completion of several projects, including Ft Union Blvd, Danish Road, 6200 S & I-215 intersection, Big Cottonwood Trail phase II, Mountview Park improvements, 2300 E storm drains. For specific details see supplementary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund on page 64.

The City's basic governmental funds financial statements can be found on pages 36-40 of this report.

### **Proprietary Funds Analysis**

The focus of the City's only proprietary fund, **Employee Benefit Fund (an internal service fund)**, is to accumulate funds to pay employees for unused, but accrued paid time off (PTO) at the time of separation. This fund is designed to minimize or altogether eliminate any budgetary impact in a subsequent year when a payout is required. At the end of each fiscal year, a liability estimate is made based on individual accruals and current wage rate of each employee. The total liability is then compared with the current liability balance in the Employee Benefit Fund (an internal service fund) and any additional liability is charged to the current year's expenditures in the governmental funds.

The City's basic proprietary fund financial statements can be found on pages 41-43 of this report.

### **GENERAL FUND 2012 BUDGET HIGHLIGHTS**

During the year the original budget was amended to increase expenditures and other uses in the General Fund by \$1,009,400. Amended departmental budgeted expenditures were increased or decreased by a total increase of \$251,045, and the budgeted transfer from the General Fund to Capital Projects was increased \$758,355 - resulting in the \$1,009,400 overall increase in budgeted expenditures. Increased revenues and other sources along with an allocation of fund balance provided an increase to budgeted revenues and other sources of \$878,480 to off-set the expenditures of \$1,009,400.

As the fiscal year 2011 ending fund balances were calculated, they were made available for the 2012 fiscal year General Fund budget, which was then amended to capture the higher beginning fund balances from the completed fiscal year 2011 financial statements, including Class C Roads fund balance of \$78,355, police seizure funds of \$60,000, arts grant funds of \$124 and unrestricted beginning balance appropriated funds of \$708,613 resulting in a total amendment of



COTTONWOOD HEIGHTS  
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JUNE 30, 2012

the beginning fund balance of \$847,092. The final fiscal year 2012 budget, as amended, anticipated spending \$740,000 of available fund balances.

The changes in the fiscal year 2012 budget in individual departmental appropriations occurred as revenue projections were refined and additional matching departmental expenditures were refined to fulfill operational goals. The chart below outlines both revenue and expenditure changes made during the fiscal year.

Revenue and Other Sources of Funds was amended for the following:

Increase Federal/State/Local Grants	\$ 77,060
Increase of sponsorships, and ticket/concession/surplus property sales	18,073
Decrease of estimated Class C Roads revenue	(45,482)
Increase in Miscellaneous Revenues	1,270
Increase of estimated Court Fines	80,000
<b>Total change in budgeted Revenues</b>	<hr/> 130,921
 Increase in actual FY 2012 year-end Class C Roads fund balance	 78,355
Increase in actual FY 2012 year-end unrestricted fund balance	740,000
Increase in actual FY 2012 year-end police seizure fund balance	60,000
Increase in actual FY 2012 year-end arts grant fund balance	124
<b>Net change in budgeted revenues/other sources</b>	<hr/> \$ 1,009,400 <hr/>

Expenditures and Other Uses of Funds was amended for the following:

**All Departments**

Adjustment for adjusted health insurance premiums	\$ (207,206)
Federal, State & Local grants	77,060

**General Government Department:**

City Council - increase in lobbyist expenditures	(20,000)
Legislative Committees / Events - add/delete events	15,074
Court, Prosecutor and Defender - adjust expenditures	80,000
City Attorney - outside legal service	187,206
Administrative Services - compensation study	10,000

**Public Safety:**

Police - firearms and ammunition	4,393
Police - vehicles purchased with police seizure funds	60,000

**Highways and Public Improvements**

Public Works - replacement of pick-up truck	30,000
Public Works - Class C roads expenditures	(45,482)

<b>Transfer - to Capital Projects fund</b>	700,000
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<b>Transfer - to Capital Projects fund – Class C Roads</b>	78,355
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<b>Net change in budgeted expenditures/other uses</b>	<hr/> \$ 1,009,400 <hr/>
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**COTTONWOOD HEIGHTS  
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Actual expenditures during this fiscal year in the General Fund departments were equal to or less than the amended budget appropriation in all departments.

Note: The capital lease for public safety vehicles was originally included in the general fund budget, but was correctly removed and added to debt service fund. Proceeds were distributed directly by the bank to the vendor, not through the City, thus necessitating the budget amendment in an equal amount from both the revenue and expenditure portion of the budget.

The City's Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund can be found on page 40 of this report.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets**

Cottonwood Heights' investment in capital assets for its governmental activities as of June 30, 2012 amounted to \$49,934,834 (net of related debt). This investment in capital assets includes land right-of-way, roads, bridges, parkways (improvements other than buildings), storm drains, land (not road right-of-ways), buildings, equipment and vehicles, net of capital leases.

Cottonwood Heights' Capital Assets (Net of related debt)			
Governmental Activities			
	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>
Equipment	\$ 2,089,166	\$ 1,970,624	\$ 1,571,792
Vehicles	1,855,435	1,765,600	1,600,597
Buildings			
Land (non-infrastructure)	4,688,944	4,675,905	530,492
Infrastructure - Roads	29,609,871	29,122,676	27,406,948
Infrastructure - Bridges	905,375	905,375	905,375
Infrastructure - Parkway	7,606,626	4,851,053	3,610,255
Infrastructure - Storm Drains	1,213,493	1,001,092	930,947
Infrastructure - Land	22,717,047	22,717,047	22,717,047
Accumulated Depreciation	(20,022,030)	(16,627,756)	(13,777,358)
Total (net of depreciation)	<u>50,663,927</u>	<u>50,381,615</u>	<u>45,496,093</u>
Less Capital Leases	<u>(729,090)</u>	<u>(955,676)</u>	<u>(664,898)</u>
Total Capital Assets (net of related debt)	<u>\$49,934,837</u>	<u>\$49,425,939</u>	<u>\$44,831,195</u>

Capital asset additions during this fiscal year included the following for a total increase of \$3,676,584 including Work In Progress (WIP) on several projects:

\$ 118,542	in new equipment asset purchases, including computer & software purchases, police equipment and other general equipment
\$ 89,835	in vehicle purchases including police and public works
\$ 487,194	in infrastructure from road overlay and construction projects

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\$ 2,755,573	in parkway beautification and improvements includes crosswalks, cross-gutters, street lighting, and Mountview Park.
\$ 212,401	in storm drains improvements.
\$ 13,039	in land purchases for trail access and possible public works site.

Additional information on assets of the City can be found in the Notes 3D Capital Assets on page 57 of this report.

**Long-term debt**

As of June 30, 2012 the City had \$978,426 in governmental long-term debt. \$249,336 of this amount is a long-term liability in the Employee Benefit Fund (an internal service fund) for employee paid time off accruals and is fully funded through cash on hand in the fund. \$729,090 of the long term debt is a capital lease to fund the purchase of police vehicles, which the City does every other year. The City expensed the initial down payment in July 2010 of \$250,000 and had a similar payment in 2011. The balance of the Capital Lease for the police vehicles is due in July 2012, and the balance of the lease will be paid through the contractual repurchase of the vehicles by the car dealer. Some minor adjustments to the repurchase price may be made for mileage and vehicle condition.

The City has no bonded debt.

Additional information on the outstanding debt obligations of the City can be found in the Notes 3F Long-Term Debt on pages 58-59 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE**

- Cottonwood Heights' adopted tax rate for the 2012-13 budget year is .002654. This is the Certified Tax rate calculation defined by the State Legislature. The rate was adopted by the City as allowed without a truth-in-taxation hearing. The locally assessed taxable valuation in Cottonwood Heights is estimated at \$2,405,264,373, including \$3,090,639 of new growth in valuation. The adopted tax rate should yield approximately \$6,431,714 in 2012 property tax revenue for the coming 2013 fiscal year.
- Sales tax collections in the State of Utah have strengthened slightly and will most likely continue to affect the City's budget in fiscal year 2013. The original budgeted amount of Sales taxes for fiscal year 2013 is \$4,450,000. This compares to actual total sales tax revenue from prior years of \$4,725,926 in fiscal 2012, \$4,531,511 in fiscal 2011, \$4,607,702 in fiscal 2010, \$4,819,775 in fiscal 2009, \$5,378,470 in fiscal 2008, and \$5,538,612 in fiscal 2007. The City continues to budget sales taxes conservatively as a hedge against any future reversals in the economy.
- At the time of preparing the fiscal year 2013 budget, Class C Road Funds were believed to be stabilizing, but now are believed to continue to decline slightly. The budget was set at \$1,113,500.
- The 2012-13 budget has been constructed with a focus on efficient and effective use of the limited resources available. No new taxes have been proposed to fund City

COTTONWOOD HEIGHTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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- operations and General Fund revenues and other sources are projected to decrease by \$1,273,871.
- Capital Project Funds are allocated to specific projects that may or may not be expended in the fiscal year. Presently, \$4,112,413 of Capital Project Funds are allocated in the 2012-13 fiscal budget. However, as has been the pattern in year's past, a significant portion of this amount will likely not be spent fully in any one year. The allocation of \$4,112,413 is comprised of interest earnings and transfers from the General Fund of \$802,392 and utilization of the current Capital Project fund balance of \$3,275,021.
    - Projects are defined by the Capital Facilities Plan and the priority of projects determined by the City Council.
    - The ending fund balance in the Capital Projects Fund from the fiscal year 2012 is \$3,911,972, inclusive of carried forward funds for unfinished projects and the City Center/Parks designated fund balance.
    - The City Center project is a significant project for fiscal year 2013 and accounts for nearly \$2,300,000 of funds designated for city center and parks.
  - The City continues to budget and provide significant city services to the public without utilizing revenue resources that all other Cities in the Salt Lake Valley have implemented, such as – Telecommunications (3.5%) and Energy Use taxes (6.0%).
  - Health insurance premiums continue to escalate. The City, through brokerage services negotiated the best rates available for our user population. The City adopted an optional Qualified High Deductible Health Plan, along with a Health Savings Account (HSA) in an effort to reduce the estimated increase in health insurance premiums.
  - As mandated by the Utah State Legislature, through passage of the 2012-13 Utah State Retirement System (URS) rate schedule, the City will increase the percentage of (URS) contributions from 13.77 percent to 16.04 percent for the Tier 1 DB System non-contributory retirement system: Local Government Public Employees, and from a rate of 28.64 percent to 32.20 percent for the Tier 1 DB System non-contributory retirement system: Other Division B with 2.5% COLA Public Safety Employees. These changes represent a 2.27 and 3.56 percentage point increase; which results in a 16.49 percent and 12.43 percent increase in the budgeted cost of Tier 1 URS contributions. The City does contribute through the URS on behalf of employees who had previously retired from a government position prior to employment with Cottonwood Heights (so called post-retired employees) prior to July 1, 2010. The City will continue to provide through a 401-k the same percentage contributions for those City employees as defined by their individual contracts: 11.62 percent for post retired from the public employees system and 25.49 percent for post retired from the public safety employees system.
  - The Tier 2 Hybrid retirement system: Local Government Public Employees or the Tier 2 Defined Contribution system: Local Government Public Employees will see rates change from 12.74 percent to 14.33 percent and the rates change from 19.27 percent to 21.80 percent for the Tier 2 Hybrid retirement system: Other Division B with 2.5% COLA Public Safety Employees or the Tier 2 Defined Contribution system: Other Division B with 2.5% COLA Public Safety Employees. These changes

COTTONWOOD HEIGHTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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represent a 1.59 and 2.53 percentage point increase, which results in a 12.48 percent and 13.13 percent increase in the budgeted costs of the Tier 2 URS contributions.

- All new hires, after July 1, 2011 who were not previously employed with a participating employer and therefore a participant in the Tier 1 system will be enrolled in the Tier 2 retirement system.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Cottonwood Heights' finances. Questions concerning any information provided in this report or a request for additional financial information should be addressed to: Cottonwood Heights, attn: David Muir, City Treasurer/Financial Reporting Manager, 1265 Fort Union Blvd, #250, Cottonwood Heights, UT 84047.

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## **BASIC FINANCIAL STATEMENTS**

**Cottonwood Heights, Utah**  
**Statement of Net Assets**  
**June 30, 2012**

	Primary Government
	<u>Governmental</u>
	<u>Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$7,500,867
Restricted assets-customer deposits	
Receivables (net of allowances)	\$1,586,056
Prepays	\$53,596
Net Pension asset	
Restricted Cash and cash equivalents	\$112,353
<b>Capital assets not being depreciated:</b>	
Land	\$27,405,990
<b>Capital assets, net of accumulated depreciation:</b>	
Improvements other than buildings	\$814,612
Vehicles	\$1,150,035
Infrastructure	\$21,293,287
<b>Total assets</b>	<b><u>\$59,916,797</u></b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	\$1,068,815
Accrued liabilities	\$356,325
Nonspendable collections	\$50,363
Deferred revenue	\$869,635
<b>Non-current liabilities:</b>	
Due within one year	\$729,090
Due in more than one year	\$249,336
<b>Total liabilities</b>	<b><u>\$3,323,564</u></b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$49,934,834
<b>Restricted for:</b>	
Class C Roads	\$112,353
Other	\$53,596
Unrestricted	\$6,492,449
<b>Total net assets</b>	<b><u><u>\$56,593,233</u></u></b>

The notes to the financial statements are an integral part of this statement.



# Cottonwood Heights, Utah

## Statement of Activities

For the Year Ended June 30, 2012

Function / Programs	Program Revenues					Net (Expenses)	
	Operating			Capital		Revenues and Changes	
	Charges for	Grants and	Contributions	Grants and	Contributions	in Net Assets	Primary Governmental
	Expenses	Services					Activities
							Total
<b>Primary Government</b>							
<b>Governmental activities</b>							
General government	\$ 2,699,564	\$ 445,692	\$ 74,362	\$ -	\$ -		(2,179,511)
Public safety	8,360,970	552,220	362,223	-	-		(7,446,526)
Highways and public improvements	4,728,329	-	1,067,518	25,185			(3,635,626)
Community and economic development	626,956	180,299	-	-	-		(446,657)
Interest on long-term debt	18,197	-	-	-	-		(18,197)
Total governmental activities	\$ 16,434,015	\$ 1,178,211	\$ 1,504,103	\$ 25,185	\$ -		(13,726,516)
<b>General revenues:</b>							
Property Tax						6,594,176	
Sales Tax						4,749,551	
Motor Vehicle Fee-In-Lieu						400,016	
Franchise Tax						278,444	
State Liquor Fund Allotment						43,515	
Unrestricted investment earnings						53,935	
Loss on Disposal of Capital Assets (from book value)						(91,970)	
Miscellaneous (less proceeds for Capital Assets sold)						41,145	
Total general revenue and transfers						12,068,812	
Changes in net assets						(1,657,704)	
Total net assets - beginning						58,250,937	
Total net assets - ending						\$ 56,593,233	

The notes to the financial statements are an integral part of this statement.

# Cottonwood Heights, Utah

## Balance Sheet Governmental Funds June 30, 2012

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	3,339,560	3,911,972	7,251,532
Accounts receivables (net):	1,586,056		1,586,056
Prepaid expenses	53,596		53,596
Restricted cash and cash equivalents	112,353		112,353
<b>Total assets</b>	<b>5,091,565</b>	<b>3,911,972</b>	<b>9,003,537</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	1,068,815		1,068,815
Accrued liabilities	356,325		356,325
Nonspendable collections	50,363		50,363
Deferred revenue	869,635		869,635
<b>Total liabilities</b>	<b>2,345,138</b>		<b>2,345,138</b>
<b>Fund balances:</b>			
<b>Nonspendable:</b>			
Prepays	53,596		53,596
<b>Restricted for:</b>			
Class C roads	112,353		112,353
<b>Unrestricted:</b>			
<b>Assigned:</b>			
Capital Improvement		3,911,972	3,911,972
General Fund 6%	871,757		871,757
<b>Unassigned:</b>			
General Fund	1,708,720		1,708,720
<b>Total fund balances</b>	<b>2,746,426</b>	<b>3,911,972</b>	<b>6,658,398</b>
<b>Total liabilities and fund balances</b>	<b>5,091,565</b>	<b>3,911,972</b>	<b>9,003,537</b>

The notes to the financial statements are an integral part of this statement.

**Cottonwood Heights, Utah**  
**Reconciliation of Total Governmental Fund Balances**  
**to Net Assets of Governmental Activities**  
**June 30, 2012**

Total fund balances - governmental fund types:	\$ 6,658,398
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the funds. (Net of related Debt)	49,934,834
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Net assets of governmental activities	<u>\$ 56,593,233</u>
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The notes to the financial statements are an integral part of this statement.

**Cottonwood Heights, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
<b>Taxes:</b>			
Property	6,594,176		6,594,176
Sales	4,725,926		4,725,926
E-911 Emergency Fees	294,517		294,517
Motor Vehicle Fee-in-lieu	400,016		400,016
Franchise - Cable TV	278,444		278,444
Transient Room	23,625		23,625
Licenses and Permits	445,692		445,692
<b>Intergovernmental:</b>			
Federal Grant	64,875		64,875
State Grants	54,222		54,222
State Class C Roads	1,067,518		1,067,518
State Liquor Fund Allotment	43,515		43,515
Local Grants	22,971		22,971
Charges for Services	180,299		180,299
Fines and Forfeitures	552,220		552,220
Investment Earnings	25,843	28,092	53,935
Miscellaneous	41,145		41,145
<b>Total revenues</b>	<b>14,815,004</b>	<b>28,092</b>	<b>14,843,096</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General Government	2,566,623		2,566,623
Public Safety	7,961,262		7,961,262
Highways and Public Improvements	1,793,142	216,391	2,009,533
Community and Economic Development	612,898		612,898
<b>Debt Service:</b>			
Principal	226,586		226,586
Interest	18,197		18,197
<b>Capital Outlay:</b>			
General Government	82,519		82,519
Public Safety	96,754		96,754
Highways and Public Improvements	42,143	3,455,168	3,497,311
<b>Total expenditures</b>	<b>13,400,125</b>	<b>3,671,559</b>	<b>17,071,684</b>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<b>1,414,879</b>	<b>(3,643,467)</b>	<b>(2,228,588)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
<b>Sources:</b>			
Impact Fees - Current Year Collections		25,185	25,185
Transfers from General Fund		1,730,747	1,730,747
Sale of Capital Assets	14,800		14,800
<b>(Uses):</b>			
Transfer of Class C Road to CIP	(78,355)		(78,355)
Transfers to Capital Improvement Fund	(1,652,392)		(1,652,392)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,715,947)</b>	<b>1,755,932</b>	<b>39,985</b>
<b>Net change in Fund Balances</b>	<b>(301,067)</b>	<b>(1,887,536)</b>	<b>(2,188,603)</b>
<b>Fund Balance - Beginning</b>	<b>3,047,494</b>	<b>5,799,508</b>	<b>8,847,001</b>
<b>Fund Balance - Ending</b>	<b>2,746,426</b>	<b>3,911,972</b>	<b>6,658,398</b>

The notes to the financial statements are an integral part of this statement.

**Cottonwood Heights, Utah**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2012**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ (2,188,603)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. ***This is the amount by which capital outlays exceeded depreciation in the current period.***

Capital Outlays	3,859,640	
Depreciation Expense	<u>(3,409,680)</u>	449,960

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations):

WIP 6200 South Project from Prior Fiscal Years removed	(151,744)
Holladay City Contribution to UDOT 6200 South Project	60,880
Gain on Sale of Capital Assets (loss, from book value)	(1,106)

Proceeds from capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of capital lease principal are expenditures in the governmental fund, but reduce liabilities in the statement of net assets:

Principal payments on capital leases	226,586
Interest payments on capital leases	

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued Interest on capital lease	(53,677)
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Change in net assets of governmental activities	<u><u>\$ (1,657,704)</u></u>
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The notes to the financial statements are an integral part of this statement.

**Cottonwood Heights, Utah**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

Description	Budgeted Adopted Budget	Amounts Final Budget	Fund Actuals (Budgetary Basis) (See Notes)	Variance with Final Budget
<b>REVENUES</b>				
<b>Taxes:</b>				
Property	6,537,173	6,537,173	6,594,176	57,003
Sales	4,300,000	4,300,000	4,725,926	425,926
E-911 Emergency Fees	300,000	300,000	294,517	(5,483)
Motor Vehicle Fee-in-lieu	399,000	399,000	400,016	1,016
Franchise - Cable TV	264,000	264,000	278,444	14,444
Transient Room	30,000	30,000	23,625	(6,375)
Licenses and Permits	539,000	539,000	546,931	7,931
<b>Intergovernmental:</b>				
Federal Grant	164,740	183,354	64,875	(118,479)
State Grants		49,429	54,222	4,793
State Class C Roads	1,113,500	1,068,018	1,067,518	(500)
State Liquor Fund Allotment	45,000	45,000	43,515	(1,485)
Local Grants		5,191	22,971	17,780
Charges for Services	70,500	70,500	79,060	8,560
Fines and Forfeitures	450,000	530,050	552,220	22,170
Investment Earnings	14,000	14,000	25,843	11,843
Miscellaneous	26,327	49,445	41,145	(8,300)
<b>Total revenues</b>	<b>14,253,240</b>	<b>14,384,160</b>	<b>14,815,004</b>	<b>430,843</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government	2,701,929	3,040,145	2,649,142	(391,003)
Public Safety	8,345,547	8,300,863	8,058,016	(242,847)
Highways and Public Improvements	2,203,632	2,176,077	1,835,285	(340,792)
Community and Economic Development	688,353	673,421	612,898	(60,523)
<b>Debt Service:</b>				
Principal	226,586	226,586	226,586	0
Interest	23,414	23,414	18,197	(5,217)
<b>Total expenditures</b>	<b>14,189,461</b>	<b>14,440,506</b>	<b>13,400,125</b>	<b>(1,040,381)</b>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<b>63,779</b>	<b>(56,346)</b>	<b>1,414,879</b>	<b>1,471,225</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Sources:</b>				
Impact Fees - Current Year Collections	45,000	45,000		(45,000)
Sale of Capital Assets			14,800	14,800
<b>(Uses):</b>				
Transfer of Class C Road to CIP		(78,355)	(78,355)	0
Transfers to Capital Improvement Fund	(772,392)	(1,452,392)	(1,652,392)	(200,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(727,392)</b>	<b>(1,485,747)</b>	<b>(1,715,947)</b>	<b>(230,200)</b>
<b>Net change in Fund Balances</b>	<b>(663,613)</b>	<b>(1,542,092)</b>	<b>(301,067)</b>	<b>1,241,025</b>
<b>Fund Balance - Beginning</b>			<b>3,047,494</b>	
<b>Fund Balance - Ending</b>			<b>2,746,426</b>	

The notes to the financial statements are an integral part of this statement.

**Cottonwood Heights, Utah**

**Statement of Net Assets**

**Proprietary Fund**

**For the Year Ended June 30, 2012**

	Governmental Activities - Employee Benefit Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 249,336
<b>Total assets</b>	<u>249,336</u>
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Accrued PTO benefits payable	249,336
<b>Total liabilities</b>	<u>249,336</u>
<b>NET ASSETS</b>	
Unrestricted	0
<b>Total net assets</b>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

**Cottonwood Heights, Utah**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
**For the Year Ended June 30, 2012**

	Governmental Activities - Employee Benefit Fund
<b>OPERATING REVENUES</b>	
Charges for interfund services provided	\$ 16,472
<b>Total operating revenues</b>	<u>16,472</u>
<b>OPERATING EXPENSES</b>	
General Government - employee PTO benefits	<u>18,096</u>
<b>Total operating expenses</b>	<u>18,096</u>
<b>Operating income</b>	<u>(1,625)</u>
<b>NON-OPERATING REVENUES</b>	
Investment Earnings	<u>1,625</u>
<b>Total non-operating revenues</b>	<u>1,625</u>
<b>Change in net assets</b>	<u>0</u>
<b>Total net assets - beginning</b>	<u>0</u>
<b>Total net assets - ending</b>	<u><u>\$ 0</u></u>

The notes to the financial statements are an integral part of this statement.



**Cottonwood Heights, Utah**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2012**

	Governmental Activities - Employee Benefit Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from interfund services provided	\$ 16,472
<b>Net cash provided by operating activities</b>	<u>16,472</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	<u>1,625</u>
<b>Net cash provided by investing activities</b>	<u>1,625</u>
<b>Net increase in cash and cash equivalents</b>	18,096
<b>Cash and cash equivalents July 1, 2011</b>	<u>231,239</u>
<b>Cash and cash equivalents June 30, 2012</b>	<u><u>\$ 249,335</u></u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>	
Operating Income	(1,625)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase in accrued PTO benefits payable	18,096
<b>Net cash provided by operating activities</b>	<u><u>\$ 16,471</u></u>

The notes to the financial statements are an integral part of this statement.

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COTTONWOOD HEIGHTS  
Notes to the Financial Statements

**NOTES TO THE FINANCIAL STATEMENTS**

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Cottonwood Heights (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies for the city are discussed in subsequent subsections of this Note.

### **1A - FINANCIAL REPORTING ENTITY**

Cottonwood Heights (the city), incorporated in 2005, is a political subdivision of the State of Utah. The city is governed by a City Council comprised of an elected mayor who serves as Chairman of the City Council and four elected City Council members. The City has determined that there are no separately administered organizations that are controlled by or are dependent upon the City. Control or dependence is determined on the basis of financial interdependence, selection of governing authority, designation of management ability to significantly influence operations and accountability for fiscal matters. Using these criteria no potential component units are included in the City's financial statements.

The accounting policies of Cottonwood Heights, Utah, conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant of such policies.

The City's financial reporting entity comprises the following:

Primary Government:	Cottonwood Heights
Component Units:	None

### **1B - BASIS OF PRESENTATION**

#### ***Government-wide Financial Statements:***

Government-wide Statement of Net Assets and Statement of Activities display information on all non-fiduciary activities of the reporting government as a whole. Most effects of any inter-fund activities have been eliminated from these statements.

The government-wide statements for the primary government are separated based on the predominance of the type of revenues that support them. Governmental activities are normally supported by taxes and intergovernmental revenues, while business type activities would receive a significant portion of revenues from fees and charges for services.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenditures of the function. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenues include: (1) charges to

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

customers or privileges provided by a given function and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Other revenue sources that are not reported as program revenues are reported instead as general revenues.

***Fund Financial Statements:***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. All funds of Cottonwood Heights are considered to be major funds.

The funds of the financial reporting entity are described below:

***Governmental Funds:***

**General Fund**

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Capital Project Fund**

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets.

***Proprietary Funds:***

**Employee Benefit Fund** (an internal service fund)

This fund is used to account for liabilities created from accrued paid time off (PTO) of each City employee. Each year a calculation is made to determine the vested payouts that could occur in future years. This amount is charged to the current year in order to eliminate any large unforeseen payout that could disrupt the individual departmental budgets in subsequent years when a payout occurs.

**1C - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

***Measurement Focus***

The government-wide Statement of Net Assets and the Statement of Activities are presented using the economic resources measurement focus as defined in item b. below.

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets. The City employee benefit fund (an internal service fund) is reported on this basis.
- c. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them. The City has no Fiduciary funds at this time.

***Basis of Accounting***

The government-wide Statement of Net Assets and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City includes in available revenue only revenue that will be collected in cash within one year following the close of the fiscal year, and in the case of property tax revenue, only revenue that will be collected within 60 days of the close of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond and capital lease principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

**1D - ASSETS, LIABILITIES, AND NET ASSETS (EQUITY)**

***Deposits and Investments***

For the purpose of the Statement of Net Assets, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

***Interfund Receivables and Payables***

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (non-current portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3G for details of interfund transactions, including receivables and payables at year-end. The City has no interfund receivables or payables.

***Receivables and Payables***

In the government-wide statements and the fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales tax, franchise tax, property tax, court fines and road cut permits. Interest and investment earnings are recorded when earned and considered both measurable and available.

Payables are composed of contract payments for public works, permitting and inspections, engineering and the City attorney.

***Capital Assets***

The accounting treatment for property, plant, and equipment depends on whether the assets are reported in the government-wide or fund financial statements.

***Government-wide Statements***

In the government-wide financial statements assets are accounted for as capital assets. All assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the infrastructure assets transferred from Salt Lake County primarily during the period ending June 30, 2005. The City has chosen to capitalize assets costing \$10,000 or more.

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

Depreciation of all exhaustible assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	45 years
Machinery and Equipment	5 to 15 years
Vehicles	5 years
Infrastructure – original costs - annual upgrade costs	15-50 years (Must increase remaining life by a minimum of 33%. Upgrade costs amortized over new remaining life.)

*Fund Financial Statements*

In the fund financial statements, assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

***Restricted Assets***

Restricted assets consist of various cash balances that are restricted as to their use. Certain cash balances are restricted by provisions of State or Federal law. Class C Road revenue not spent is restricted in the general fund to be used for future roadwork. Certain grants must be spent for the intended purpose. The City may also have certain impact fees that are restricted from time to time.

***Long-term Debt***

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

***Compensated Absences***

It is the City's policy to permit employees to accumulate a limited amount of earned but unused PTO benefits. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. There is no recorded liability for compensated absences in the



COTTONWOOD HEIGHTS  
Notes to the Financial Statements

governmental funds because the Employee Benefit Fund (an internal service fund) has been paid for the incurred compensated absence expenditures.

### **Equity Classifications**

#### *Government-wide Statements*

Equity is classified as net assets and displayed in four components:

- a. Invested in capital assets, net of related debt—Consists of capital assets net of accumulated depreciation and related debt.
- b. Nonspendable—Consists of prepaid expenditures for the subsequent fiscal year.
- c. Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- d. Unrestricted net assets—All other net assets that do not meet the definition of “nonspendable”, “restricted” or “invested in capital assets, net of related debt.”

#### *Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is reported in three major categories, comprising five separate categories: Nonspendable, Restricted and Unrestricted (which can be shown as Committed, Assigned and Unassigned). See Note 3H for additional disclosure on the City’s fund balances. Each category is defined as follows:

- a) Nonspendable – Fund balances that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- b) Restricted – Funds are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors or contributors.
- c) Committed – Formally designated by those empowered to commit resources for specific purposes prior to the end of the fiscal year being reported.
- d) Assigned – Amounts constrained by the governments’ intent to be used for specific purpose without formal action.
- e) Unassigned – All other general fund funds not classified in any other classification.

When both restricted and unrestricted fund balance is available for use, it is the City’s policy to use restricted fund balance first, then committed funds, followed by assigned and then unassigned.

Fund balance is committed by the City Council passage of budget resolutions. Assigned balances are determined by management authorized to manage the funds of the City by the City Council.

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

**1E - REVENUES, EXPENDITURES, AND EXPENSES**

***Revenue***

Property taxes, franchise taxes, licenses, shared revenue, and interest are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Property taxes are based on the assessments against property owners. Tax levies on such assessed values are certified to the County Treasurer prior to the commencement of the fiscal year. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30 of each year. Property taxes are collected by the Salt Lake County Treasurer and remitted to the City shortly after collections occur.

Sales taxes are collected by the Utah State Tax Commission and are remitted to the City monthly approximately two months after the period in which the taxes are collected by local businesses if all filings are made timely.

***Expenditures/Expenses***

In the government-wide financial statements, expenditures are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:

Current (further classified by function and object)

Debt Service

Capital Outlay

Intergovernmental

In the fund financial statements, governmental funds report expenditures of financial resources.

***Interfund Transfers***

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

## NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual obligations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

### 2A - FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of funds separate from the General Fund. The legally required separate funds used by the City include the following:

<u>Fund</u>	<u>Required By</u>
-------------	--------------------

None	
------	--

### 2B - CASH DEPOSITS AND INVESTMENTS

Deposits and investments for Cottonwood Heights are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of Cottonwood Heights' exposure to various risks related to its cash management activities.

#### ***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of a bank failure, Cottonwood Heights' deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of Cottonwood Heights to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

#### ***Credit Risk***

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Utah Money Management Act.

Cottonwood Heights is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average

COTTONWOOD HEIGHTS  
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daily balances. A copy of the Public Treasurers Investment Fund is available for viewing on the Utah State Treasurer's website at <http://www.treasurer.state.ut.us>.

As of June 30, 2012, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
State of Utah PTIF	\$ 7,161,765	\$ 7,120,021	\$ -	\$ -	\$ -
Total	<u>\$ 7,161,765</u>	<u>\$ 7,120,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***Investment Rate Risk***

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Cottonwood Heights manages its exposure to declines in fair value by investment only in the PTIF and by adhering to the Utah Money Management Act.

**2C - REVENUE RESTRICTIONS**

The City has various restrictions placed over certain revenue from state sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
B & C Road Funds	Eligible B & C Roads
Federal Grant	Energy Efficiency Grant
Awarded Asset Seizures	Further Enforcement Actions

For the period ended June 30, 2012, the City complied, in all material respects, with these revenue restrictions.

**2D - DEBT RESTRICTIONS AND COVENANTS**

***General Obligation Debt***

No long-term general obligation debt shall be created by any city unless the proposition to create such debt shall have been submitted to a vote of qualified electors. Cities shall not contract for debt in an amount exceeding four percent of the fair market value of taxable property in their jurisdictions. For the period ended June 30, 2012, the City had no outstanding general obligation debt.

***Other Long-term Debt***

Cities may incur indebtedness for the purpose of supplying such city water, sewer, or electricity when such public works are owned and controlled by the municipality. The additional indebtedness shall not exceed four percent for first and second class cities and eight percent for third class cities of the fair market value of taxable property in their jurisdictions.

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

## **2E - FUND EQUITY RESTRICTIONS**

### ***General Fund Balance Restrictions***

Utah Code 10-6-116(4) requires that only the “fund balance in excess of 5 percent of total revenues of the general fund may be utilized for budget purposes.” The remaining 5 percent must be maintained as a minimum fund balance. The maximum in the general fund may not exceed 18 percent of the total estimated revenue of the general fund (10-6-116(2)). The City Council has set its’ own standard of maintaining a minimum 6 percent fund balance. Currently the City’s adjusted fund balance is under the maximum allowed.

## **2F - BUDGETARY BASIS OF ACCOUNTING**

In the governmental fund statements the accounting basis and the budgetary basis are the same. The Statement (Schedule) of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual presented for the general fund and the capital projects fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Budgets are legally required for governmental funds. Annual budgets are prepared and adopted by the City Council on or before June 22 for the fiscal year commencing the following July 1, in accordance with Utah State law. The operating budget includes proposed expenditures and proposed sources of financing for such expenditures. Prior to June 22<sup>nd</sup> a public hearing is conducted to obtain taxpayer input. Budgets are adopted by ordinance in total for each department. Management can move budgeted amounts within a department or decrease appropriations. The City Council can increase appropriations after having a public hearing. During the year ended June 30, 2012 the City Council amended the original budget once. Transfers to the Capital Projects fund were over budget by \$200,000 for fiscal year ending June 30, 2012.

Budgets for the Capital Projects Fund are also prepared using the modified accrual basis of accounting and are adopted on an annual basis. Project budgets for the Capital Projects fund are prepared annually and ending balances may be re-appropriated by Council action in the following year. State law also requires a budget comparison for all funds for which an annual budget is adopted.

## **NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS**

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/ expenses.

## **3A - CASH DEPOSITS AND INVESTMENTS**

Below is a reconciliation of the year-end balance invested in the Public Treasurers’ Investment Fund and other cash and investments presented in the statement of net assets:

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

Utah State Public Treasurers' Investment Fund balance	\$	7,120,022
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Reconciliation to Government-wide Statement of Net Assets:

Investments	\$	7,120,021
Cash on Hand		8,424
Deposits		484,775
Total	\$	7,613,220

Per Statement of Net Assets:		
Unrestricted Cash	\$	7,500,867
Restricted Cash		112,353
Total	\$	7,613,220

### 3B - RESTRICTED ASSETS

The restricted assets as of June 30, 2012, are as follows:

Type of Restricted Asset	Cash/Time Deposits
<b><i>Governmental Activities:</i></b>	
Class C Road Funds	\$ 112,353
Prepays	53,596
	-
Total	\$ 165,949

### 3C - ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists principally of fiscal year accruals of sales taxes, property taxes, court fines and road cuts permits receivable.

Receivables details at June 30, 2012, are as follows:

	Governmental Activities	
Delinquent Property Taxes Receivable	\$	381,659
Invoiced Receivables - Services		64,160
Invoiced Business Licensing		32,336
Prior Fiscal Revenues - Sales & Transient Room / 911 Fees		927,123
Prior Fiscal Revenue - Franchise Fees		72,569
Prior Fiscal Revenues - Property Taxes		24,703
Prior Fiscal Revenues - CDBG, Grants		32,360
Miscellaneous, Courts		47,145
Deposits Receivable		4,000
Net Accounts Receivable	\$	1,586,056

**COTTONWOOD HEIGHTS**  
Notes to the Financial Statements

**3D - CAPITAL ASSETS**

Capital asset activity for the period ended June 30, 2012, was as follows:

	Balance at June 30, 2011	Additions	Disposals / Misc Adj	June 30, 2012
<b>Governmental Activities:</b>				
Equipment	\$ 1,970,624	\$ 118,541.88	\$ -	\$ 2,089,166
Vehicles	1,765,600	121,146.63	(31,312)	1,855,435
Land (non-infrastructure)	4,675,905	13,039.00	-	4,688,944
Infrastructure - Roads	29,122,676	637,685.64	(150,492)	29,609,871
Infrastructure - Bridges	905,375	-	-	905,375
Infrastructure - Parkways	4,851,053	2,756,825.69	(1,253)	7,606,626
Infrastructure - Storm Drains	1,001,092	212,401.03	-	1,213,493
Land related Infrastructure	22,717,047	-	-	22,717,047
<b>Totals at historical cost</b>	<b>\$ 67,009,371</b>	<b>\$ 3,859,640</b>	<b>\$ (183,056)</b>	<b>\$ 70,685,955</b>
<b>Less Accum. Depreciation</b>				
Equipment	\$ (947,258)	\$ (327,295.52)	\$ -	\$ (1,274,553)
Vehicles	(390,373)	(330,432.66)	15,406.00	(705,400)
Infrastructure - Roads	(14,478,090)	(2,345,277.13)	-	(16,823,367)
Infrastructure - Bridges	(210,991)	(33,397.68)	-	(244,388)
Infrastructure - Parkways	(527,153)	(348,890.70)	-	(876,044)
Infrastructure - Storm Drains	(73,892)	(24,386.49)	-	(98,279)
<b>Total Accum. Depreciation</b>	<b>\$ (16,627,756)</b>	<b>\$ (3,409,680)</b>	<b>\$ 15,406</b>	<b>\$ (20,022,030)</b>
<b>Governmental Activities capital assets</b>	<b>\$ 50,381,615</b>	<b>\$ 449,960</b>	<b>\$ (167,650)</b>	<b>\$ 50,663,925</b>

Depreciation and Miscellaneous Adjustment expense was charged to governmental activities as follows:

**Governmental Activities:**

General Government	\$ 132,941
Public Safety	437,616
Highways & Public Improvements	2,809,660
Community Planning	14,057
<b>Total depreciation expense</b>	<b>\$ 3,394,274</b>

**Capital Assets under Capital Lease**

The City has acquired public safety vehicles through capital lease. These assets are included in depreciation expense. As of June 30, 2012 the net book values are as follows:

	<u>Governmental Activities</u>
Vehicles	\$ 1,194,481
Less Accumulated Depreciation	(344,611)
<b>Net Book Value</b>	<b>\$ 849,870</b>

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

### 3E - ACCOUNTS PAYABLE

Payables in the general fund are composed of contract payments for public works, permitting and inspections, engineering and the City attorney.

### 3F - LONG-TERM DEBT

The reporting entity's long-term debt consists of capital leases and accrued employee benefits to be repaid from governmental activities.

As of June 30, 2012, the City had long-term debt payable from general fund resources consisting of the following:

The City has entered into a lease agreement as lessee for the purchase of Police vehicles. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of all future lease payments as of the inception date.

***Capital Leases Payable:***

Bank of Utah - Police Vehicles

2.45%, (07/22/10 original amount \$955,676.28)	\$ 729,090
	<u>\$ 729,090</u>

As of June 30, 2012 the City had proprietary fund long-term debt payable as follows:

***Employee Benefit Fund (an Internal Service Fund):***

Paid Time Off - Future PTO Liability	\$ 249,336
Total proprietary fund debt	<u>249,336</u>
Total governmental activity debt	<u><u>\$ 978,426</u></u>

### ***Changes in Long-term Debt***

The following is a summary of changes in long-term debt for the period ended June 30, 2012:

Type of Debt	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Capital leases	\$ 955,676	\$ -	\$ (226,586)	\$ 729,090	\$ 729,090
Emp Benefit Fund - PTO	231,239	18,097	-	249,336	-
Total Long Term Debt	<u>\$1,186,915</u>	<u>\$ 18,097</u>	<u>\$ (226,586)</u>	<u>\$ 978,426</u>	<u>\$ 729,090</u>



COTTONWOOD HEIGHTS  
Notes to the Financial Statements

***Annual Debt Service Requirements***

The annual debt service requirements to maturity for governmental long-term debt principal and interest as of June 30, 2012, are as follows:

Year Ended June 30	Governmental Activities		
	Principle	Interest	Total
2013	729,090	17,863	\$ 746,953
Thereafter	-	-	-
Total	<u>\$ 729,090</u>	<u>\$ 17,863</u>	<u>\$ 746,953</u>

**3G - INTERFUND TRANSACTIONS AND BALANCES**

***Operating Transfers***

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 1,652,392	
General Fund – Class C Roads	\$ 78,355	
Capital Projects Fund		\$ 1,730,747

**3H - FUND EQUITY**

**Restricted Fund Equity**

	<u>Government Activities</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 49,934,834
<b>Nonspendable:</b>	
Prepays	\$ 53,596
<b>Restricted for:</b>	
Class "C" Roads	112,353
<b>Unrestricted:</b>	
Assigned - Capital Projects	3,911,972
Assigned - General Fund 6% min	<u>871,757</u>
Unassigned - General Fund	1,708,720
Total Net Assets	<u>\$ 56,593,233</u>

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

## **NOTE 4 - OTHER INFORMATION**

### **4A - EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

#### ***Pension Plans***

The City contributes to the Local Governmental Tier I Noncontributory Retirement System and Public Safety Retirement System which are cost-sharing, multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The City also participates in the newly adopted Tier II system for employees who are not eligible to participate in the Tier I Noncontributory System, sometime referred to as a Contributory Retirement System. The System provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code Annotated* 1953 as amended, which also establishes the State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

The System does allow Tier I elected officials and a small percent of appointed officials to be exempt from participation in the Noncontributory System in lieu of other retirement options.

The City is required to contribute to the Local Government Noncontributory System 13.77 percent of the annual salaries of eligible employees. The City is also required to contribute to the Public Safety Noncontributory System 28.64 percent of the annual salaries of eligible employees. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49. For Tier II employees the rates are 10.33 percent and 17.72 percent respectively.

The City contributions to the Local Government Noncontributory System for the periods ending June 30, 2012, 2011 and 2010 were respectively \$136,503, \$120,360 and \$98,943. The City contributions to the Public Safety Noncontributory System for the period end June 30, 2012, 2011 and 2010 were respectively \$383,370, 366,841 and \$347,808. The contributions were equal to the required contributions for this period. The City has recorded some initial contributions to the Contributory Tier II System for 2012, \$871 for regular employees and \$1,741 for Public Safety employees.

The City has also elected to be exempt from the Federal Social Security System for all employees and assures that they participate in a qualifying retirement plan. In lieu of

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

contributions to the Social Security System the City contributes to various deferred compensation plans explained below.

**Deferred Compensation Plans**

The assets held by these deferred plans are not available to the City or its general creditors.

**401(k) Plan**

The City sponsors a deferred compensation plan under Internal Revenue Code Section 401(k) for City employees. The Utah State Retirement Board administers this Plan. Employees who have elected to be exempt from either the regular Noncontributory System or Public Safety System may elect to have their equivalent City contribution contributed into this plan.

Employer contributions that substitute for contributions to the Non-contributory pension for the periods ended June 30, 2012, 2011 and 2010 were \$53,237, \$52,208 and \$47,078 respectively.

Employer contributions that substitute for contributions to the Public Safety Non-Contributory pension for the periods ended June 30, 2012, 2011 and 2010 were \$191,766, \$186,129 and \$175,275 respectively.

Employer contributions that substitute for medical coverage for the periods ended June 30, 2012, 2011 and 2010 were \$36,729, \$40,088 and \$31,227. These contributions are made in lieu of the City paying medical premium costs for employees that elect to forgo medical coverage through the City's group policy. These employees are required to provide proof of alternative insurance coverage.

Employer contributions that substitute for social security contributions for the periods ended June 30, 2012, 2011 and 2010 were \$147,610, 133,668.70 and 125,583 respectively.

**457 Plans**

The City sponsors 457 Deferred Compensation Plans in accordance with Internal Revenue Code Section 457 for all City employees. These plans are administered both by the Utah State Retirement Board and the International City/County Management Association Retirement Corporation (ICMA-RC). The employees of City participate in the 457 deferred compensation plan through payroll deduction.

GASB No. 32 considers 457 plans as Trust Funds for individuals. Therefore no contribution information is provided.

COTTONWOOD HEIGHTS  
Notes to the Financial Statements

**4B - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased comprehensive general liability insurance through the Utah Local Governments Trust. The City pays premiums to the Trust for its general insurance coverage, automobile liability, and personal injury protection. The Trust is self-sustaining through member premiums. The City is subject to a minimal deductible for claims.

**4C – SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 18, 2012, which is the date that the financial statements were available to be issued.

COTTONWOOD HEIGHTS  
Supplementary Information

**SUPPLEMENTARY INFORMATION**

COTTONWOOD HEIGHTS  
Supplementary Information

**Cottonwood Heights, Utah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2012**

Description	Budgeted Adopted Budget	Amounts Final Budget	Fund Actuals (Budgetary Basis) (See Notes)	Variance with Final Budget
<b>REVENUES</b>				
Investment earnings	50,000	50,000	28,092	(21,908)
<b>Total revenues</b>	<b>50,000</b>	<b>50,000</b>	<b>28,092</b>	<b>(21,908)</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Highways and Public Improvements	2,124,985	7,356,661	3,671,559	(3,685,102)
<b>Debt Service:</b>				
<b>Total expenditures</b>	<b>2,124,985</b>	<b>7,356,661</b>	<b>3,671,559</b>	<b>(3,685,102)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,074,985)</b>	<b>(7,306,661)</b>	<b>(3,643,467)</b>	<b>3,663,193</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Sources/(Uses):</b>				
Beginning Fund Bal Appropriated	1,302,593	5,775,914		(5,775,914)
Impact Fees - Current Year Collections			25,185	25,185
Transfers from General Fund	772,392	1,530,747	1,730,747	200,000
<b>Total Other Financing Sources (Uses)</b>	<b>2,074,985</b>	<b>7,306,661</b>	<b>1,755,932</b>	<b>(5,550,729)</b>
<b>Net change in Fund Balances</b>			<b>(1,887,536)</b>	
<b>Fund Balance - Beginning</b>			<b>5,799,508</b>	
<b>Fund Balance - Ending</b>			<b>3,911,972</b>	

## **STATISTICAL SECTION**

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# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-1  
Cottonwood Heights  
Net Assets by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004	2003	
Governmental activities											
Net investment in capital assets	\$ 49,934,834	\$ 49,425,939	\$ 44,831,195	\$ 45,831,420	\$ 45,776,089	\$ 41,891,706	\$ 42,360,450	\$ 44,315,013	\$ -	\$ -	
Restricted	165,949	221,078	203,271	222,737	223,950	253,555	183,225	171,627			
Unrestricted	6,492,449	8,603,921	9,017,951	9,668,305	10,068,724	7,014,875	4,643,809	604,021			
Total governmental activities net position	\$ 56,593,232	\$ 58,250,938	\$ 54,052,417	\$ 55,722,462	\$ 56,068,763	\$ 49,160,136	\$ 47,187,484	\$ 45,090,661	\$ -	\$ -	
Business-type activities											
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Unrestricted	-	-	-	-	-	-	-	-			
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Primary government											
Net investment in capital assets	\$ 49,934,834	\$ 49,425,939	\$ 44,831,195	\$ 45,831,420	\$ 45,776,089	\$ 41,891,706	\$ 42,360,450	\$ 44,315,013	\$ -	\$ -	
Restricted	165,949	221,078	203,271	222,737	223,950	253,555	183,225	171,627			
Unrestricted	6,492,449	8,603,921	9,017,951	9,668,305	10,068,724	7,014,875	4,643,809	604,021			
Total primary government net position	\$ 56,593,232	\$ 58,250,938	\$ 54,052,417	\$ 55,722,462	\$ 56,068,763	\$ 49,160,136	\$ 47,187,484	\$ 45,090,661	\$ -	\$ -	

Note: Cottonwood Heights city incorporated in January 2005  
The City has no Business-type activities

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-2  
Cottonwood Heights  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004	2003
Expenses										
Governmental Activities										
General Government	\$ 2,699,564	\$ 2,094,427	\$ 2,331,589	\$ 2,140,589	\$ 1,972,270	\$ 3,421,036	\$ 1,328,701	\$ 669,212	\$ -	\$ -
Public Safety	8,360,970	7,685,600	8,073,608	8,015,001	6,780,298	6,339,016	5,730,383	1,763,029		
Highways and Streets	4,728,329	4,485,274	5,707,937	5,309,932	3,469,794	3,197,851	3,309,743	1,377,478		
Community and Economic Development	626,956	602,502	524,665	566,802	620,300	616,335	821,760	212,593		
Interest on long term debt	18,197	22,003	26,840	26,761	254	498	47,805	7,028		
Intergovernmental	-	-	35,000	-	-	-	-	-		
Total Governmental Activities	\$ 16,434,016	\$ 14,889,806	\$ 16,699,639	\$ 16,059,086	\$ 12,842,917	\$ 13,574,736	\$ 11,238,392	\$ 4,029,340	\$ -	\$ -
Business-type activities										
n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 16,434,016	\$ 14,889,806	\$ 16,699,639	\$ 16,059,086	\$ 12,842,917	\$ 13,574,736	\$ 11,238,392	\$ 4,029,340	\$ -	\$ -
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 445,692	\$ 555,469	\$ 449,598	\$ 469,151	\$ 558,751	\$ 553,676	\$ 553,207	\$ 251,268	\$ -	\$ -
Public Safety	552,220	546,834	538,124	273,251	235,611	158,498	206,721	22,122		
Highways and Streets	-	-	-	-	-	-	-	-		
Community and Economic Development	180,299	203,093	151,433	164,376	213,924	221,802	202,569	-		
Interest on long term debt	-	-	-	-	-	-	-	-		
Intergovernmental	-	-	-	-	-	-	-	-		
Operating Grants and Contributions	1,504,103	1,638,949	1,502,366	1,465,430	1,475,184	1,362,266	1,289,841	627,685		
Capital Grants and Contributions	25,185	312,815	564,390	1,025,779	941,105	33,579	2,532,080	4,661		
Total Governmental Activities	\$ 2,707,500	\$ 3,257,160	\$ 3,205,911	\$ 3,397,987	\$ 3,424,575	\$ 2,329,822	\$ 4,784,419	\$ 905,736	\$ -	\$ -
Business-type Activity										
Charges for Services										
n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Operating Grants and Contributions	-	-	-	-	-	-	-	-		
Capital Grants and Contributions	-	-	-	-	-	-	-	-		
Total Business-type Activity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Program Revenues	\$ 2,707,500	\$ 3,257,160	\$ 3,205,911	\$ 3,397,987	\$ 3,424,575	\$ 2,329,822	\$ 4,784,419	\$ 905,736	\$ -	\$ -

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-2  
Cottonwood Heights  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004	2003
<i>(schedule continued)</i>										
Net (Expense)/Revenue										
Governmental Activities										
Business-type Activity										
Total Net Expense	\$ (13,726,516)	\$ (11,632,646)	\$ (13,493,728)	\$ (12,661,099)	\$ (9,418,342)	\$ (11,244,914)	\$ (6,453,973)	\$ (3,123,604)	\$ -	\$ -
	<u>\$ (13,726,516)</u>	<u>\$ (11,632,646)</u>	<u>\$ (13,493,728)</u>	<u>\$ (12,661,099)</u>	<u>\$ (9,418,342)</u>	<u>\$ (11,244,914)</u>	<u>\$ (6,453,973)</u>	<u>\$ (3,123,604)</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues										
Governmental Activities:										
Property Taxes	\$ 6,594,176	\$ 6,499,957	\$ 6,344,286	\$ 6,408,994	\$ 6,475,442	\$ 6,399,642	\$ 2,858,039	\$ 874,799	\$ -	\$ -
Sales Taxes	4,749,551	4,558,144	4,634,998	4,847,677	5,414,341	5,567,486	4,748,086	2,012,660		
Motor Vehicle Fee-in-Lieu	400,016	426,149	468,657	505,711	505,430	535,812	-	-		
Franchise Taxes	278,444	267,999	256,667	250,660	235,671	214,766	187,077	74,426		
State Liquor Fund Allotment	43,515	46,230	35,236	33,563	39,738	29,926	23,601	-		
					1,500	6,248	500,000	-		
Unrestricted investment earnings	53,935	46,773	59,298	187,488	515,432	456,134	233,638	8,131		
Gain (Loss) on sale of Capital Assets	(91,970)	(43,546)	-	-	(736)	-	-	-		
Miscellaneous	41,145	55,709	29,816	53,944	4,589	7,503	405	694		
Transfers in/out	-	-	-	-	-	-	-	-		
Special Item	-	3,985,238	-	-	-	-	-	45,243,555		
Total general revenues, transfers, and special item	<u>\$ 12,068,812</u>	<u>\$ 15,842,653</u>	<u>\$ 11,828,958</u>	<u>\$ 12,288,037</u>	<u>\$ 13,191,407</u>	<u>\$ 13,217,517</u>	<u>\$ 8,550,846</u>	<u>\$ 48,214,265</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type Activity:										
n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 12,068,812</u>	<u>\$ 15,842,653</u>	<u>\$ 11,828,958</u>	<u>\$ 12,288,037</u>	<u>\$ 13,191,407</u>	<u>\$ 13,217,517</u>	<u>\$ 8,550,846</u>	<u>\$ 48,214,265</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Assets										
Governmental Activities	\$ (1,657,704)	\$ 4,210,007	\$ (1,664,770)	\$ (373,062)	\$ 3,773,065	\$ 1,972,603	\$ 2,096,873	\$ 45,090,661	\$ -	\$ -
Business-type Activity	-	-	-	-	-	-	-	-		
Total Change in Net Assets	<u>\$ (1,657,704)</u>	<u>\$ 4,210,007</u>	<u>\$ (1,664,770)</u>	<u>\$ (373,062)</u>	<u>\$ 3,773,065</u>	<u>\$ 1,972,603</u>	<u>\$ 2,096,873</u>	<u>\$ 45,090,661</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Cottonwood Heights city incorporated in January 2005  
The City has no Business-type activities

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-3  
Cottonwood Heights  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004	2003	
General Fund											
Nonspendable	\$ 53,596	\$ 81,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Restricted	112,353	138,355	-	-	-	-	-	-	-	-	
Unrestricted											
Assigned	871,757	857,894	-	-	-	-	-	-	-	-	
Unassigned	1,708,720	1,970,113	-	-	-	-	-	-	-	-	
Reserved	-	-	203,271	222,737	223,950	253,555	183,225	171,627			
Unreserved	-	-	1,779,169	1,407,461	1,211,759	1,235,852	588,746	197,101			
Total General Fund	\$ 2,746,426	\$ 3,047,494	\$ 1,982,440	\$ 1,630,198	\$ 1,435,709	\$ 1,489,407	\$ 771,971	\$ 368,728	\$ -	\$ -	
All other governmental funds											
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Federal Energy Efficiency Grant		23,594									
Unrestricted											
Capital Projects	3,911,972	5,775,914									
Unreserved - Capital Projects	-	-	7,238,782	8,260,844	8,856,965	5,779,023	4,055,063	406,920			
Total all other governmental funds	\$ 3,911,972	\$ 5,799,508	\$ 7,238,782	\$ 8,260,844	\$ 8,856,965	\$ 5,779,023	\$ 4,055,063	\$ 406,920	\$ -	\$ -	

Note: Cottonwood Heights city incorporated in January 2005

The city implemented the requirements of GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions for fiscal year 2011

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART - 4  
Cottonwood Heights  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004	2003
<b>REVENUES</b>										
Property Taxes	\$ 6,594,176	\$ 6,499,957	\$ 6,344,286	\$ 6,408,994	\$ 6,475,442	\$ 6,399,642	\$ -	\$ -	\$ -	\$ -
Sales Taxes	4,725,926	4,531,512	4,607,702	4,819,775	5,378,470	5,528,612	4,726,645	2,087,086	-	-
E-911 Emergency Fees	294,517	294,601	299,774	232,723	200,696	110,926	-	-	-	-
Motor Vehicle Fee-in-lieu	400,016	426,149	468,657	505,711	505,430	535,812	-	-	-	-
Franchise Taxes	278,444	267,999	256,667	250,660	235,671	214,766	187,077	-	-	-
Transient Room	23,625	26,632	27,297	27,902	35,871	38,874	21,441	-	-	-
Licenses and Permits	445,692	555,469	449,598	469,151	558,751	553,676	553,207	251,268	-	-
Intergovernmental	1,253,101	1,536,378	1,650,962	2,266,270	2,225,477	1,287,514	7,171,481	1,502,484	-	-
Charges for Services	180,299	203,093	151,433	164,376	213,924	221,802	202,569	1,992	-	-
Fines and Forfeitures	552,220	546,834	538,124	273,251	235,611	158,498	206,721	20,130	-	-
Investment Earnings	53,935	46,773	59,298	187,488	515,432	456,134	233,638	8,131	-	-
Miscellaneous	41,145	55,709	29,816	53,944	4,589	7,503	405	694	-	-
<b>Total Revenues</b>	<b>\$ 14,843,096</b>	<b>\$ 14,991,106</b>	<b>\$ 14,883,612</b>	<b>\$ 15,660,244</b>	<b>\$ 16,585,364</b>	<b>\$ 15,513,760</b>	<b>\$ 13,303,184</b>	<b>\$ 3,871,785</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
General Government	\$ 2,566,624	\$ 1,976,164	\$ 2,252,343	\$ 2,073,098	\$ 1,932,412	\$ 956,090	\$ 1,315,301	\$ 679,027	\$ -	\$ -
Public Safety	7,961,262	7,651,305	7,630,159	7,758,559	6,778,220	6,329,819	5,726,563	1,763,029	-	-
Highways and Public Improvements	2,009,533	1,792,562	3,179,469	2,881,406	892,995	3,530,251	1,215,242	354,279	-	-
Community and Economic Development	612,898	586,287	509,082	552,668	577,107	612,425	816,963	212,593	-	-
Debt Service										
Principal	226,586	250,000	162,087	-	10,048	10,571	10,881	767	-	-
Interest and fiscal charges	18,197	22,003	32,113	-	254	498	47,805	7,028	-	-
Refunding bond issuance costs	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	35,000	-	20,200	-	-	-	-	-
Capital Outlays	3,676,584	3,254,021	1,904,433	3,648,909	3,407,241	1,666,338	151,073	116,342	-	-
<b>Total Expenditures</b>	<b>\$ 17,071,684</b>	<b>\$ 15,532,342</b>	<b>\$ 15,704,688</b>	<b>\$ 16,914,640</b>	<b>\$ 13,618,476</b>	<b>\$ 13,105,992</b>	<b>\$ 9,283,828</b>	<b>\$ 3,133,065</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Excess(Deficiency) of Revenues over Expenditures</b>	<b>(2,228,588)</b>	<b>(541,236)</b>	<b>(821,075)</b>	<b>(1,254,397)</b>	<b>2,966,888</b>	<b>2,407,768</b>	<b>4,019,356</b>	<b>738,720</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	\$ 1,730,747	\$ 669,459	\$ 1,907,959	\$ 1,499,074	\$ 4,107,170	\$ 4,689,357	\$ 3,690,682	\$ 406,920	\$ -	\$ -
Transfers out	(1,730,747)	(669,459)	(1,907,959)	(1,499,074)	(4,107,170)	(4,689,357)	(3,690,682)	(406,920)	-	-
In-Kind Capital Contribution	-	-	100,290	-	-	-	-	-	-	-
Proceeds from Capital Leases	-	-	-	826,985	-	-	-	32,267	-	-
Sale of Capital Assets	14,800	-	-	-	26,001	-	-	-	-	-
Impact Fees - Current Year Collection	25,185	167,015	50,966	25,779	31,354	33,579	32,080	4,661	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 39,985</b>	<b>\$ 167,015</b>	<b>\$ 151,256</b>	<b>\$ 852,764</b>	<b>\$ 57,355</b>	<b>\$ 33,579</b>	<b>\$ 32,080</b>	<b>\$ 36,928</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net change in fund balances before special item</b>	<b>\$ (2,188,603)</b>	<b>\$ (374,221)</b>	<b>\$ (669,819)</b>	<b>\$ (401,633)</b>	<b>\$ 3,024,243</b>	<b>\$ 2,441,347</b>	<b>\$ 4,051,436</b>	<b>\$ 775,648</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Special item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (2,188,603)</b>	<b>\$ (374,221)</b>	<b>\$ (669,819)</b>	<b>\$ (401,633)</b>	<b>\$ 3,024,243</b>	<b>\$ 2,441,347</b>	<b>\$ 4,051,436</b>	<b>\$ 775,648</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt service as a percentage of</b>										
<b>Noncapital expenditures</b>	<b>1.83%</b>	<b>2.22%</b>	<b>1.41%</b>	<b>0.00%</b>	<b>0.10%</b>	<b>0.10%</b>	<b>0.64%</b>	<b>0.26%</b>		
<b>Note: Cottonwood Heights city incorporated in January 2005</b>										
<b>Beginning Fund Balance</b>	<b>8,847,002</b>	<b>9,221,222</b>	<b>9,891,042</b>	<b>10,292,674</b>	<b>7,268,431</b>	<b>4,827,084</b>	<b>775,648</b>	<b>-</b>		
<b>Ending Fund Balance</b>	<b>6,658,398</b>	<b>8,847,002</b>	<b>9,221,222</b>	<b>9,891,042</b>	<b>10,292,674</b>	<b>7,268,431</b>	<b>4,827,084</b>	<b>775,648</b>		

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-5  
Cottonwood Heights  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Assessment Year	ASSESSED "MARKET VALUE" OF PROPERTY					Less 100% Tax-Exempt Property (2)	Less Residential Exemption	Total Assessed Taxable Value	Assessed Taxable Value as % Fully Assessed	Taxable Total Direct Rate
		Residential	Commercial (2)	Total							
2012	2011	\$ 3,366,962,604	\$ 934,180,096	\$ 4,301,142,700	\$ 200,000,000	\$ 1,515,133,172	\$ 2,586,009,528	60.1%	0.2654%		
2011	2010	3,462,644,784	933,364,470	4,396,009,254	200,000,000	1,558,190,153	2,637,819,101	60.0%	0.2586%		
2010	2009	3,545,513,133	983,042,188	4,528,555,321	200,000,000	1,595,480,910	2,733,074,411	60.4%	0.2517%		
2009	2008	4,091,052,684	1,051,929,851	5,142,982,535	175,000,000	1,840,973,708	3,127,008,827	60.8%	0.2399%		
2008	2007	3,889,799,205	941,248,528	4,831,047,733	150,000,000	1,750,409,642	2,930,638,091	60.7%	0.2098%		
2007	2006	3,159,022,555	822,051,567	3,981,074,122	125,000,000	1,421,560,150	2,434,513,972	61.2%	0.2220%		
2006 (1)	2005	n/a	n/a	3,427,236,954	125,000,000	1,204,767,938	2,097,469,016	61.2%	0.2624%		
2005 (1)	2004	n/a	n/a	3,342,866,461	125,000,000	1,172,032,187	2,045,834,274	61.2%	0.2624%		
2004 (1)	2003	n/a	n/a	3,086,170,366	125,000,000	1,072,434,102	1,888,736,264	61.2%	0.2740%		
2003 (1)	2002	n/a	n/a	3,122,629,641	125,000,000	1,086,580,301	1,911,049,340	61.2%	0.2912%		

Source: Cottonwood Heights Finance Department, SL County Auditor, Utah State Tax Commission

Note: Property in the county is reassessed annually, rates change to yield same revenue as prior year unless tax increase is declared and hearings are held.

(1) Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal

(2) Property that is 100% exempt from property taxes is estimated and included in Assessed "Market Values" - Commercial

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-6  
Cottonwood Heights  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Direct Rates				Overlapping Rates											
	Tax Year	Basic Rate	General Obligation Debt Service		Total Direct (0)	Canyons School District (1)	Jordan School District (Old Debt)	Salt Lake County (countywide) (2)	Salt Lake County Library	Salt Lake County Abatement District	South Salt Lake Valley Mosquito Abatement District	Central Utah Water Conservancy District	Cottonwood Improvement 'Sewer' District (3)	Cottonwood Heights Parks & Recreation Service Area (4)	Jordan Valley Water Conservancy District (5)	
2012	2011	0.2586%	-	-	0.2586%	0.6546%	0.1619%	0.2696%	0.0604%	0.0052%	0.0052%	0.0436%	0.0237%	0.1217%	0.0424%	
2011	2010	0.2517%	-	-	0.2517%	0.6540%	0.1520%	0.2593%	0.0583%	0.0050%	0.0050%	0.0421%	0.0229%	0.1058%	0.0410%	
2010	2009	0.2399%	-	-	0.2399%	0.5780%	0.1400%	0.2278%	0.0564%	0.0025%	0.0025%	0.0400%	0.0219%	0.1023%	0.0400%	
2009	2008	0.2098%	-	-	0.2098%	-	0.6150%	0.1731%	0.0492%	0.0022%	0.0022%	0.0286%	0.0193%	0.0901%	0.0384%	
2008	2007	0.2220%	-	-	0.2220%	-	0.6617%	0.1994%	0.0517%	0.0023%	0.0023%	0.0302%	0.0205%	0.0958%	0.0400%	
2007	2006	0.2624%	-	-	0.2624%	-	0.7347%	0.2371%	0.0617%	0.0027%	0.0027%	0.0357%	0.0244%	0.1009%	0.0353%	
2006	2005	0.2624%	-	-	0.2624%	-	0.8655%	0.2682%	0.0696%	0.0031%	0.0031%	0.0400%	0.0279%	0.1181%	0.0400%	
2005	2004	0.2740%	-	-	0.2740%	-	0.8856%	0.2816%	0.0733%	0.0033%	0.0033%	0.0353%	0.0289%	0.1219%	0.0392%	
2004	2003	0.2912%	-	-	0.2912%	-	0.8366%	0.2868%	0.0747%	0.0034%	0.0034%	0.0358%	0.0297%	0.1267%	0.0397%	
2003	2002	0.2878%	-	-	0.2878%	-	0.8344%	0.2939%	0.0744%	0.0017%	0.0017%	0.0358%	0.0298%	0.1257%	0.0392%	

Source: Utah State Tax Commission - Property Tax Division

Note: Property in the county is reassessed annually, rates change to yield same revenue as prior year unless tax increase is declared and hearings are held.

- (0) Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal
- (1) Local School District - Transitioned from Jordan School District to Canyons School District July 1, 2009
- (2) Salt Lake County - includes Health, Recreation, Flood and general countywide operations
- (3) Cottonwood Improvement 'Sewer' District serves approximately 98% of Cottonwood Heights, SL Suburban District serves the remaining 2%
- (4) Cottonwood Heights Parks & Recreation Service Area overlaps approximately 71% of the city boundary.
- (5) Jordan Valley Water Conservancy District overlaps approximately 8% of the city's boundary.

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-7  
Cottonwood Heights  
Principal Property Taxpayers  
Current Year and Five Years Ago

Rank	Taxpayer	FY 2012			FY 2007 (1)		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
1	NOP Cottonwood (Cottonwood Corporate Center)	\$ 77,813,700	1	3.16%	\$ 69,817,200	1	2.86%
2	Old Mill Corporate Center (Offices)	59,920,300	2	2.43%	40,824,100	3	1.67%
3	RBCSU Realty, Inc. / Regence BlueCross/BlueShield	42,587,351	3	1.95%	43,023,851	2	1.76%
4	Fourels Investment Co. (Shopping area)	38,155,300	4	1.55%	39,522,100	4	1.62%
5	Pinnacle Highland Apartments	25,421,000	5	1.20%	26,447,355	5	1.08%
6	Santa Fe Apartments, LLC.	20,221,630	6	0.82%			
7	James Campbell Company, LLC. (Shopping area)	19,922,510	7	0.81%	25,568,770	6	1.05%
8	Reef Union Park	18,691,300	8	0.76%			
9	Cottonwood Estates Development	18,475,067	9	0.75%			
10	Overslook.Com (Offices)	15,943,667	10	0.65%			
	Old Mill Building II LLC (Offices)				18,742,700	7	0.77%
	SWA Acquisitions LID (Shopping area)				17,055,170	8	0.70%
	Robert W Wright (Offices)				15,858,400	9	0.65%
	HCPI Utah II LLC (Shopping area)				11,791,100	10	0.48%
		\$ 337,151,825		12.97%	\$ 308,650,746		12.63%
	Total City Taxable Assessed Value	\$ 2,600,136,185			\$ 2,444,593,282		

Source: Salt Lake County Auditor

(1) Fiscal Year 2007 was first year Cottonwood Heights received property taxes directly.



# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-8  
Cottonwood Heights  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax		Collected within the Fiscal Year of the Levy		Total Delinquent Collections in Subsequent Years Classified in Tax YR		Total Collections to Date		Total Year-end Assessed Taxable Value		Assessed % of Assessed Market Value		Total Direct Rate		Original Budget Used to Set Tax Rate	
	Levy for Fiscal Year	Fiscal Year	Amount Collected	Percentage of Levy	Amount Collected	Percentage of Levy	Amount Collected	Percentage of Levy	\$						\$	
2012	\$6,681,842		\$6,420,677	96.1%	\$	101,386	\$6,522,063	97.6%	\$	2,586,009,528	60.1%	0.2586%	0.2586%		6,437,173	
2011	6,618,763		6,374,612	96.3%		114,459	6,489,072	98.0%		2,637,819,101	60.0%	0.2517%	0.2517%		6,445,912	
2010	6,522,478		6,216,140	95.3%		156,368	6,372,508	97.7%		2,733,074,411	60.4%	0.2399%	0.2399%		6,423,917	
2009	6,570,859		6,272,729	95.5%		207,196	6,479,926	98.6%		3,127,008,827	60.8%	0.2098%	0.2098%		6,412,498	
2008	6,540,141		6,339,067	96.9%		148,813	6,487,880	99.2%		2,930,638,091	60.7%	0.2220%	0.2220%		6,363,928	
2007	6,399,901		6,258,487	97.8%		117,670	6,376,157	99.6%		2,434,513,972	61.2%	0.2624%	0.2624%		6,288,245	
2006 (1)	3,581,808		3,485,526	97.3%		83,090	3,568,616	99.6%		2,097,469,016	61.2%	0.2624%	0.2624%		5,503,759	
2005 (1)										2,045,834,274	61.2%	0.2740%	0.2740%		5,605,586	
2004 (1)										1,888,736,264	61.2%	0.2912%	0.2912%		5,500,000	
2003 (1)										1,911,049,340	61.2%	0.2878%	0.2878%		5,500,000	

Source: Cottonwood Heights Finance Department, SL County Auditor, Utah State Tax Commission

Note: Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal

(1) City direct Property Tax collections first occurred in 2006-07 fiscal year. (Salt Lake County data estimated)

COTTONWOOD HEIGHTS  
STATISTICAL SECTION

CHART-9  
Cottonwood Heights  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30	General		Special		General		Total		Percentage of		State Committee	
	Obligation Bonds (1)	Capital Leases	Assessment Bonds (1)	Obligation Bonds	Business Type Activities	Outstanding Debt	Income (2)	Calculated Population (3)	Debt Per Capita			
2012	\$ -	\$ 729,090	\$ -	-	\$ -	\$ 729,090	0.064%	34,068	\$ 21.40			
2011	-	955,676	-	-	-	955,676	0.082%	33,433	28.58			
2010	-	664,898	-	-	-	664,898	0.052%	35,407	18.78			
2009	-	826,985	-	-	-	826,985	0.066%	35,351	23.39			
2008	-	-	-	-	-	-	0.000%	34,954	-			
2007	-	10,048	-	-	-	10,048	0.001%	35,932	0.28			
2006	-	20,619	-	-	-	20,619	0.002%	35,835	0.58			
2005	-	31,500	-	-	-	31,500	0.003%	36,033	0.87			
2004	-	-	-	-	-	-	0.000%	36,200				
2003	-	-	-	-	-	-	0.000%	36,400				

Note: Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal  
The City has no Business-type activities

- (1) Presented net of original issuance discounts and premiums
- (2) Personal income is disclosed on Chart 14
- (3) Utah State Population Committee, US Census

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-10  
Cottonwood Heights  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Funds (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2012	\$ -	\$ -	\$ -	-	\$ -
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
2007	-	-	-	-	-
2006	-	-	-	-	-
2005	-	-	-	-	-
2004	-	-	-	-	-
2003	-	-	-	-	-

Note: Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal  
Details regarding the city's outstanding debt can be found in the notes to the financial statements  
Cottonwood Heights has never had any bonded debt.

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums
- (2) This is the amount restricted for general obligation debt service principal payments
- (3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on Chart 5 for property value data.
- (4) Population data can be found on the Schedule of Demographic and Economic Statistics on Chart 14

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-11  
Cottonwood Heights  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2012

Overlapping Government Unit (Debt repaid with property taxes)	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Cottonwood Heights
Central Utah Water Conservancy District	\$ 266,515,000	2.4%	\$ 6,474,639
Jordan School District	117,632,700	22.8%	26,813,203
Canyons School District	65,980,000	18.9%	12,438,639
Salt Lake County - General & Library	255,420,000	3.9%	10,073,859
South Salt Lake Valley Mosquito District	-	5.7%	-
Cottonwood Improvement 'Sewer' District	-	45.1%	-
Cottonwood Heights Parks & Recreation Service Area	7,705,000	100.0%	7,705,000
Jordan Valley Water Conservancy District	186,658,973	9.4%	17,567,625
Subtotal, overlapping general obligation debt	899,911,673		81,072,965
City direct general obligation debt	-	100.0%	-
Total direct and overlapping general obligation debt	<u>\$ 899,911,673</u>		<u>\$ 81,072,965</u>

Sources: Outstanding debt calculated from prior year financials and applicable percentages calculated from taxable values.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Cottonwood Heights. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-12  
Cottonwood Heights  
Legal Debt Margin Information  
June 30, 2012

	Fiscal Years									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Constitutional Limit										
General (4% Fair Cash Value)	\$ 164,045,708	\$ 167,840,370	\$ 173,142,213	\$ 198,719,301	\$ 187,241,909	\$ 154,242,965	\$ -	\$ -	\$ -	\$ -
Sewer, Water (4% Fair Cash Value)	164,045,708	167,840,370	173,142,213	198,719,301	187,241,909	154,242,965				
Total 8% Debt Constitutional Limit	328,091,416	335,680,740	346,284,426	397,438,603	374,483,819	308,485,930				
Total Net Debt Applicable to Limit	-	-	-	-	-	-				
Legal Debt Margin	\$ 328,091,416	\$ 335,680,740	\$ 346,284,426	\$ 397,438,603	\$ 374,483,819	\$ 308,485,930	\$ -	\$ -	\$ -	\$ -

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit

0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
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	Legal Debt/Margin Calculations							
	Tax Years							
	2011	2010	2009	2008	2007	2006	2005	2003
Assessed Valuation:								
Reasonable Fair Cash Value	\$ 4,101,142,700	\$ 4,196,009,254	\$ 4,328,555,321	\$ 4,967,982,535	\$ 4,681,047,733	\$ 3,856,074,122	\$ -	\$ -
Debt Limit (8% of reasonable Fair Cash Value) (1)	328,091,416	335,680,740	346,284,426	397,438,603	374,483,819	308,485,930		
Debt Applicable to Limit								
General Obligation Bonds	-	-	-	-	-	-		
Less: Amount Set Aside for Repayment of								
General Obligation Debt	-	-	-	-	-	-		
Total Net Debt Applicable to Limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 328,091,416	\$ 335,680,740	\$ 346,284,426	\$ 397,438,603	\$ 374,483,819	\$ 308,485,930	\$ -	\$ -

Source: Finance Department

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements  
Cottonwood Heights has never had any bonded debt, Incorporated 2005  
Currently water and sewer services are provided by other special service districts

COTTONWOOD HEIGHTS  
STATISTICAL SECTION

CHART-13  
Cottonwood Heights  
Pledged-Revenue Coverage  
June 30, 2012

Fiscal Year	Special Assessment Bonds				
	Special Assessment Collections	Debt Service		Coverage	
		Principal	Interest		
2012	\$ -	\$ -	\$ -	-	
2011	-	-	-	-	
2010	-	-	-	-	
2009	-	-	-	-	
2008	-	-	-	-	
2007	-	-	-	-	
2006	-	-	-	-	
2005	-	-	-	-	
2004					
2003					

Note: The City has never issued Special Assessment Bonds  
Cottonwood Heights incorporated 2005

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-14  
Cottonwood Heights  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	State Committee Calculated Population (1)	Median Age (1)	Per Capita Income (1)	Personal Income (in '000)	Education Avg Years of Formal Schooling (2)	K-12 School Enrollment (2)	Metro SLC, UT Unemployment Rate (3)
2012	34,068	37.10	\$ 33,559	\$ 1,143,288	14.6	5,700	6.0%
2011	33,433	37.00	34,902	1,166,879	14.6	5,833	7.6%
2010	35,407	36.90	36,421	1,289,558	14.5	5,952	7.1%
2009	35,351	36.80 *	35,621	1,259,238	14.5	5,945	5.9%
2008	34,954	36.70 *	32,395	1,132,335	14.5	6,351	3.4%
2007	35,932	36.60 *	32,500	1,167,790	14.5 *	6,123	2.8%
2006	35,835	36.50 *	32,983	1,181,946	14.5 *	6,133	3.4%
2005	36,033	36.40 *	29,321	1,056,524	14.4 *	6,265	4.9%
2004	36,200	36.30 *	27,597	999,011	14.4 *	6,590	5.2%
2003	36,400	36.20 *	27,000	982,800	14.4 *	7,494	6.1%

Note: Cottonwood Heights city incorporated in January 2005, prior municipal services provided by Salt Lake County Municipal

\* Estimated from US Census reports.

(1) Utah State Population Committee, US Census

(2) US Census, Annual School Census of the Board of Education

(3) Bureau of Labor Statistics - June FY

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-15  
Cottonwood Heights  
Principal Employers  
Current Year and Six Years Ago

2012					2006				
Rank	Employer	Percentage of Total Employment			Employer	Percentage of Total Employment			
		Employees	Rank	Employment		Employees	Rank	Employment	
1	Jet Blue Airways Corporation	2,000-2,999	1	14.23%	Jet Blue Airways Corporation	*	1	*	
3	Overstock Com Inc.	500-999	3	4.05%	Overstock Com Inc.	*	3	*	
3	Regence BlueCross BlueShield of Utah	500-999	3	4.05%	Regence BlueCross BlueShield of Utah	*	3	*	
4	Canyons School District	290-644	4	2.48%	Jordan School District (pre-Canyons)	*	4	*	
5	Fusion Multisystems Inc.	250-499	5	2.02%					
10	Abeo Management Corp	100-249	10	0.91%	Professional Management Group (pre-ABEO)	*	10	*	
10	Canyon Culinary Inc (Porcupine Grill)	100-249	10	0.91%	Canyon Culinary Inc (Porcupine Grill)	*	10	*	
10	Cottonwood Heights Parks & Recreation Service Area	100-249	10	0.91%	Cottonwood Heights Parks & Recreation Service Area	*	10	*	
10	Dans Supermarkets Inc	100-249	10	0.91%	Dans Supermarkets Inc	*	10	*	
10	Extra Space Management Inc	100-249	10	0.91%	Extra Space Management Inc	*	10	*	
10	Gastronomy, Inc	100-249	10	0.91%	Gastronomy, Inc	*	10	*	
10	Home Depot USA Inc	100-249	10	0.91%	Home Depot USA Inc	*	10	*	
10	KR Acquisitions 1 LLC ET AL (Kern River Gas)	100-249	10	0.91%	KR Acquisitions 1 LLC ET AL (Kern River Gas)	*	10	*	
10	Kroger Group Cooperative Inc (Smiths Food)	100-249	10	0.91%	Kroger Group Cooperative Inc (Smiths Food)	*	10	*	
10	Mastercontrol Inc	100-249	10	0.91%	Mastercontrol Inc	*	10	*	
10	Navitaire Inc	100-249	10	0.91%	Navitaire Inc	*	10	*	
10	Savage Industries Inc	100-249	10	0.91%	Savage Industries Inc	*	10	*	
10	Target Corporation	100-249	10	0.91%	Target Corporation	*	10	*	
10	Real Time Staffing Services, Inc	100-249	10	0.91%					
Top Ten Principal Employers		5,040 - 9,875		39.52%					
All Reported Employers in City		12,023 - 25,367							

Source: Utah Department of Workforce Services  
Cottonwood Heights incorporated in 2005, Fiscal Year 2006 is first complete year  
\* 2006 Data unavailable; Majority of 2012 employers were operational in 2006, No other top ten employers expected.  
Cottonwood Heights does not maintain employer - employee data



# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-16  
Cottonwood Heights  
Full-time Equivalent Employees by Function  
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004	2003
General Government	16.11	15.11	15.52	14.77	15.10	13.23	11.00	10.12		
Public Safety										
Police										
Sworn Officers	36.25	35.25	34.50	33.00	2.00	-	-	-		
Non-Sworn	10.20	10.00	8.75	8.75	-	-	-	-		
Ordinance Enforcement	2.00	2.00	2.00	2.00	3.00					
Highways and streets										
Maintenance	4.00	4.20	2.00	2.00	1.00	1.00	-	-		
Community & Economic Development	4.54	4.00	3.15	4.50	4.50	4.50	5.00	3.00		
Total	73.10	70.56	65.92	65.02	25.60	18.73	16.00	13.12		

Source: City Finance / Budget department  
Cottonwood Heights was incorporated January 14, 2005

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-17  
Cottonwood Heights  
Operating Indicators by Function  
Last Ten Years

	Fiscal year										2003
	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004		
Public Safety											
Police:											
CHPD-Total calls for service (1)	**	23,541	23,860	22,050	7,323					**	
SLCounty Sheriff Total calls for service (1)					624	3,229	3,011	**		**	
CHPD-Total Priority 1 calls for service (1)	**	6,604	7,366	5,723	2,278						
SLCounty Sheriff Total calls for service (1)						348	309	**		**	
CHPD-Number of arrests (1)	**	1,191	990	933	22						
SLCounty Sheriff-Number of arrests (1)					**	**	**	**		**	
CHPD-Number of DUI arrests (1)	**	289	178	255	88						
SLCounty Sheriff-Number of DUI arrests (1)					**	**	**	**		**	
CHPD-Avg. Priority 1 calls response times (1)	**	4:51	4:47	4:47	5:23	6:47	6:40	**		**	
SLCoS-Avg. Priority 1 calls response times (1)					**						
Ordinance Enforcement											
Animal involved calls for service	1,362	1,188	**	**	**	**	**	**		**	
Ordinance violation citations issued	92	108	**	**	**	**	**	**		**	
Fire:											
Number of fire calls	946	959	923	882	1,054	1,068	1,013	975	-	-	
Number of medical calls	2,520	2,363	2,281	1,997	2,242	2,153	2,375	2,104	-	-	
Public Works											
Number of closed excavation permits issued	229	274	429	177	236	225	167	15	**	**	
Square feet of chip seal applied	476,050	651,489	1,159,335	0	889,561	680,531	**	**	**	**	
Square feet of slurry seal applied	411,865	1,052,379	0	654,972	3,586,922	2,159,871	**	**	**	**	
Square feet of overlay completed	477,367	524,549	275,298	315,201	454,810	664,727	**	**	**	**	
Community and Economic Development											
Number of business licenses renewed	1,269	1,388	1,425	1,441	1,337	1,263	**	**	**	**	
Number of new business licenses issued	167	163	154	214	269	260	**	**	**	**	
Building permits issued	382	372	389	384	406	560	545	**	**	**	
Number of building inspections	1,149	1,149	**	**	**	**	**	**	**	**	
Square footage of new office space	232,000	**	**	**	**	**	**	**	**	**	
Total square footage of office space	2,298,481	2,053,842	**	**	**	**	**	**	**	**	

Source: Various City departments  
(1) calendar year data  
\*\*not available

# COTTONWOOD HEIGHTS STATISTICAL SECTION

CHART-18  
Cottonwood Heights  
Capital Asset Statistics by Function  
Last Ten Years

Function	Fiscal Year										2003
	2012	2011	2010	2009	2008	2007	2006	2005 (1/2)	2004		
General Government											
Number of general governmental buildings (leased)	1	1	1	1	1	1	1	1		1	
Number of storage buildings (owned/leased)	1/1	1/1	1/1	1/1	1/1	1/0	1/0	-			
Public Safety											
Number of Police stations (leased)	1	1	1	1	-	-	-	-		1	
Number of Police substations (County owned) (1)	-	-	-	-	1	1	1	1	1	1	
Number of Fire stations (1)	2	2	2	2	2	2	2	2	2	2	
Fire Hydrants	1,123	1,123	1,123	1,123	1,123	1,123	1,123	1,123	1,123	1,123	
Library (1)	1	1	1	1	1	1	1	1	1	1	
Public Works											
Number of Public Works buildings / Yards	0/1	0/1	0/1	0/1	0/1	-	-	-			
Number of Street Lights	868	868	868	868	868	868	868	868			
Number of Lane Miles of Road	250	250	250	250	250	250	250	250			
Number of Intersections with Traffic Signals	32	32	32	32	32	32	32	32			
Miles of Sbrm drains	45.1	45.1	45.1	45.1	45.1	45.1	45.1	45.1			
Number of closed excavation permits issued	229	274	429	177	236	225	167	15			
Recreations and Parks											
Number of full service Recreation Facilities (1)	1	1	1	1	1	1	1	1			
Acres of City owned Parks	18.96	9.53	9.53	2.14	1.63	1.63	1.63	-			
Acres of Parks (1)	85.19	85.19	85.19	92.58	83.13	83.13	83.13	83.13			

Source: City Finance / Budget department  
Cottonwood Heights was incorporated January 14, 2005  
(1) Owned by Salt Lake County or a Special District

